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IN THE SUPREME COURT
OF THE UNITED STATES

October Term, 1973

No. 73-923

SOLO CUP COMPANY, a corporation,

Petitioner,

vs.

UNITED STATES DISTRICT COURT, CENTRAL DISTRICT OF CALIFORNIA,

Respondent.

ILLINOIS TOOL WORKS, INC., a corporation,

Real Party in Interest.

PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

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IN THE
SUPREME COURT OF THE UNITED STATES
OCTOBER TERM, 1973

No. _____

SOLO CUP COMPANY, a corporation,
Petitioner,

v.

UNITED STATES DISTRICT COURT, CENTRAL DISTRICT OF CALIFORNIA,
Respondent,

ILLINOIS TOOL WORKS, INC., a corporation,
Real Party in Interest.

PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

The petitioner, SOLO CUP COMPANY, prays that a writ of certiorari issue to review the order of the United States Court of Appeals for the Ninth Circuit rendered in these proceedings on October 11, 1973.

OPINIONS BELOW

The order of the Court of Appeals for the Ninth Circuit appears at Appendix A, infra, p. A-1.

JURISDICTION

The order of the Court of Appeals for the Ninth Circuit was entered on October 11, 1973. See Appendix A, p. A-1, infra. This petition for certiorari was filed less than 90 days from the date aforesaid. The jurisdiction of this Court is invoked under 28 U. S. C. §1254(1).

QUESTIONS PRESENTED

The Court of Appeals for the Ninth Circuit denied petitioner's writ of mandamus and motion for reconsideration of that denial, which would have ordered Irving Hill, Judge of the U. S. District Court for the Central District of California, to:

(a) Annul the order granting I. T. W.'s motion to transfer SOLO's antitrust action against I. T. W. to the Northern District of Illinois; and/or

(b) Annul that part of the order granting I. T. W.'s motion to transfer SOLO's antitrust action against it to the Northern District of Illinois, which finds that, "Most, if not all of the substantive issues involved, other than the instant action, have already been litigated by the parties in that District (meaning the Northern District of Illinois) in another action, and that the instant action is a palpable attempt to relitigate said issues in a different forum, plaintiff being dissatisfied with the forum previously employed."

The questions thereby arising are:

1. Whether the District Court considered the proper standard, as stated in Title 15 U. S. C. §15, and Title 28 U. S. C. §1404(a), in issuing the order to transfer in this antitrust action.

2. Whether the District Court can, in an opinion granting I. T. W.'s motion to transfer venue, make a finding of fact which is irrelevant to the issues involved in a transfer motion, and which is based on the total absence of any evidence before the Court in any manner or form.

CONSTITUTIONAL PROVISIONS AND STATUTES INVOLVED

The Fifth Amendment to the Constitution of the United States provides in pertinent part as follows:

"No person shall . . . . . be deprived of life, liberty, or property, without due process of law . . ."

This case involves also Title 15 U. S. C. §§1, 2, 15, 22, and 26, and Title 28 U. S. C. §§1391(c), 1404(a). These are reprinted in pertinent part in Appendix C, pp. C-1 - C-4, infra.

STATEMENT OF THE CASE

Shortly after the instant action (hereinafter "antitrust action") was filed, the parties to this antitrust action tried for 17 days a different and unrelated action (hereinafter "patent infringement action") before U. S. District Court Judge Richard B. Austin in the Northern District of Illinois. Although the patent infringement action and this antitrust action are unrelated, petitioner will refer to Judge Austin and the patent infringement action because the Respondent U. S. District Court Judge Irving Hill, in denying due process of law to petitioner, has so confused the two cases that Judge Austin felt contrained to write his letter of September 26, 1973 (set out in its entirety in Footnote 1, infra, pp. 17-19), which letter, as will be explained in this Petition, clearly establishes Judge Hill's error.

SOLO CUP COMPANY (Solo), a corporation (petitioner herein), filed its complaint in the United States District Court, Central

District of California, against ILLINOIS TOOL WORKS, INC. (I. T. W.), a corporation, for antitrust violation and unfair competition in the production and marketing of thin-wall, plastic cups, seeking danages and injunctive relief. (See Appendix B, p. B-285.) The complaint was filed by Solo's counsel, Jerome B. Rosenthal of Rosenthal & Rhoads, a Professional Corporation, and a Beverly Hills, California law firm, who is Solo's counsel on general and litigation matters, and special counsel chosen for this case.

The complaint (see Appendix B, p. B-306) was verified by Leo J. Hulseman, a California resident, who is Solo's president and principal shareholder. In response to Solo's complaint, I. T. W. filed a motion to dismiss Solo's complaint (see Appendix B, p. B-228 - B-232), or in the alternative for a change of venue and transfer, or in the alternative, to stay the action.

A hearing (see Appendix B, p. B-7) on said motions was held before The Honorable Irving Hill, Judge Presiding in the United States District Court, Central District of California, who granted (see Appendix B, p. B-1 - B-5) I. T. W.'s motion to transfer and placed off calendar I. T. W.'s motion to dismiss or stay the action. Included in Judge Hill's order to transfer venue was the irrelevant and gratuitous finding which denied due process of law to Solo.

Solo then sought a writ of mandamus (see Appendix A, p. A-10) in the Ninth Circuit

Court of Appeals ordering Judge Hill to annul his transfer order and/or annul that part of the order containing the complained of finding. Solo's petition for writ of mandamus was summarily denied (see Appendix A, p. A-9) by the Court of Appeals on October 11, 1973. Solo next filed a "Motion For Reconsideration" (see Appendix A, p. A-2) in the Ninth Court of Appeals, which was denied on October 29, 1973 (see Appendix A, p. A-1).

An issue presented in this case is the proper standard to use when deciding a defendant's motion to transfer venue in a civil antitrust action. The uncontradicted evidence shows that a substantial part of the alleged antitrust violations occurred in California in the form of manufacturing and sales transactions. Also, Solo's President and principal shareholder, Mr. Leo J. Hulseman, resides in California and, at present, is devoting himself personally to Solo's antitrust litigation, although he has delegated the production responsibilities of the corporation to others. Mr. Hulseman has chosen Rosenthal & Rhoads, A Professional Corporation, which has its main office within the Central District of California, as special counsel for this case. Frequent contact must be maintained between Leo J. Hulseman, the individual in charge of plaintiff's antitrust actions, and its counsel.

Judge Hill, using the "principal place of business" standards applicable to actions which rely on the venue provisions of Title 28 U. S. C., granted I. T. W. 's motions to transfer venue to the

Federal Court in Chicago, in the Northern District of Illinois. Judge Hill based his holding upon his finding that the action could have been brought in that District, and that, for the convenience of parties and witnesses, the action should be transferred to Illinois.

Judge Hill included in his order granting the motion to transfer the action, an order placing off calendar I. T. W.'s motions to dismiss or stay the action.

In addition, in Judge Hill's order granting motion to transfer the action, he included the following finding, which could only be relevant to the motions which were placed off calendar:

> "The Court finds . . . that most, if not all of the substantive issues involved in the instant action have already been litigated by the parties in that District in another action, and that the instant action is a palpable attempt to relitigate said issues in a different forum, plaintiff being dissatisfied with the forum previously employed." (Appendix B, infra, p. B-4.)

Federal jurisidction in the Court of first instance is based upon Solo's complaint for anti-trust violation arising under §§1 and 2 of the Act of Congress of July 2, 1890, 26 Stat. 209, as amended (The Sherman Act) (15 U. S. C. §§1 and 2), and under §§4 and 16 of the Act of Congress of October 15, 1914, 38 Stat. 731, as amended

(The Clayton Act), 15 U. S. C. §§15 and 26.

REASONS RELIED UPON FOR THE GRANTING OF THE WRIT

1. There Exists Among the Lower Federal Courts Confusion and Conflicting Decisions Concerning the Proper Standard for Deciding a Civil Antitrust Defendant's Motion to Transfer Venue.

This confusion centers on the amount of weight to give a plaintiff's choice of forum in an antitrust action brought under Title 15 U. S. C., which has its own special venue provisions. 15 U. S. C. §15 provides as follows:

> "Suits by persons injured; amount of recovery
> Any person who shall be injured in his business or proerty by reason of anything forbidden in the antitrust laws may sue therefor in any District Court of the United States in the District in which the defendant resides or is found or has an agent, without respect to the amount in controversy, and shall recover threefold the damages by him sustained, and the cost of suit, including a reasonable attorneys fee."

In the United States v. Scophony Corporation of America, et al., 333 U. S. 795 (1948), an antitrust defendant's claim of improper venue

was rejected by resort to an interpretation of 15 U. S. C. §15. At page 808, the purpose of the 15 U. S. C. §15 general venue standard was stated in terms of plaintiff's right to choose the forum, based upon its need to effectively prosecute the action.

> "Thereby it relieved persons injured through corporate violations of the Antitrust Laws from the often insuperable obstacle of resorting to distant forums for redress of wrong done in the place of their business or residence. A foreign corporation no longer could come to a District, perpetrate there the injuries outlawed, and then by retreating or even without retreating, to its headquarters, defeat or delay the retribution due."

In United States v. National City Lines, 334 U. S. 537 (1948), an antitrust defendant's claim of inappropriate form -- i. e., forum nonconveniens -- was rejected when the Court concluded that an antitrust plaintiff's choice of forum was conclusive. The rationale for the conclusive effect of the antitrust plaintiff's choice was given at page 580 as follows:

> "These conclusions concerning the sections intent and effect are altogether inconsistent with any idea that defendant corporation can defeat the plaintiff's choice of venue as given, by asking for and securing dismissal of the suit, either on the ground that

the venue selected within the statutory limits is inconvenient for the defendant or that another authorized venue is more convenient for it."

The following year, the second National City case was decided, United States v. National City Lines, Inc., et al., 337 U. S. 78 (1949), and, in the interim, Title 28 U. S. C. §1404(a) became effective. The majority in the second National City case, supra, rejected the plaintiff's contention that 28 U. S. C. §1404(a) applied only to civil actions the venue provisions of which are contained in U. S. C. Title 28. The majority opinion concluded that §1404(a) was available to an antitrust defendant provided that it could establish that the transferee forum was more convenient generally. Therefore, §1404(a) became available to an antitrust defendant just as it was available to a defendant in any case with no special standard stated for application in antitrust cases.

However, in subsequent cases, an antitrust defendant's motion to transfer venue was denied, even though the defendant established that the transferee forum would be more convenient generally. In Polychrome Corp. v. Minnesota Mining & Manufacturing Company, 259 F. Supp. 330 (1960), the Court weighed the convenience factors and determined that the antitrust defendant had shown that the §1404(a) transferee District Court was superior. At page 335, this conclusion was drawn:

> "What it comes down to is that it is more convenient for 3-M to defend the action in Chicago and it is more convenient for Polychrome to prosecute the action here."

However, Polychrome, supra, denied the antitrust defendant's §1404(a) motion to transfer venue.

Beach v. National Football League, 331 F. Supp. 249 (1971), a recent denial of an antitrust defendant's §1404(a) transfer motion, presents the strongest statement of the overriding significance placed upon the plaintiff's choice of forum. The Beach Court recognized that the defendant's proposed transferee District was the most convenient forum for the defendant, the witnesses, and the records. However, the Court, in denying defendant's motion to transfer venue, stated at page 251:

> "A mere showing of inconvenience to the defendant is not enough to warrant transfer where it would shift the expense and inconvenience to the other party. (Citation) That is particularly true in private antitrust suits."

In Ferguson, et al. v. Ford Motor Company, et al., 89 F. Supp. 45 (1950) (Facts and Opinion Approved 340 U. S. 851), an antitrust defendant's motion under §1404(a) was denied. Although the Ferguson Court recognized that the §1404(a) Transfer Act was procedurally

available to the antitrust defendant, it applied a test for application of the Transfer Act, which gave primary importance to the plaintiff's choice, providing the choice was not abused. The test, as contained in the Court's language at page 50, is:

> "First, it remains a law that a movant for relief under §1404(a) must show a proponderant balance in his favor, for it is still only the exceptional case which merits relief under this section. The defendant's suggestion that it is my function to weigh the convenience of the parties and making a nice balance, award the suit to that District Court which, of several forums, appears to be the most convenient, is rejected. Such a a theory would create administrative difficulties entirely unjustified by any beneficial result, require a Court to reach a conclusion which could not be reached with any degree of assurance, and deprive a plaintiff of any certainty in its selection of venue. Since a defendant might often show that although one forum was not highly inconvenient, another was certainly more desirable, the venue provisions would become little more than provisions regulating the place of service of summons, and §1404(a) would substitute for a litigant's judgment and option as to place of suit, that of the Court. Such a change was not contemplated by Congress when it enacted this

section. . . .

"Fourthly, weight must be given, in balancing the criteria listed, to the venue privilege afforded plaintiffs by the antitrust laws. An extended discussion of the privilege seems unnecessary, it sufficing to say that §1404(a) only purports to correct abuses of that privilege. It does not undermine the policies which motivated Congress to grant the privilege, nor does it deprive plaintiffs of an opportunity to prove their case in a place where proof is available. (Citations). Abuses of the special venue privilege may now be corrected by transferring under §1404(a), but it is clear that the privilege, if unabused, may still be invoked by a plaintiff."

The District Court Ferguson, decision, supra, was affirmed in Ford Motor Co., et al. v. Ryan, 182 F. 2d 329 (1950) (Cert. denied 340 U. S. 851). Justice Frank also formulated a post second National City, supra, case rule which recognized the antitrust plaintiff's privilege to choose the most convenient forum.

At page 330, Justice Frank stated:

"On the basis, these words found in Gulf Oil Corp. v. Gilbert, 330 U. S. 501, 508, 67 S. Ct. 839, 843, 91 L. Ed. 1055, still have full vitality: 'But unless the balance is strongly in favor of the defendant, the plaintiff's choice of forum

should rarely be disturbed.' Those words we interpret to mean (a) that a defendant has the burden of making out a strong case for a transfer and (b) that the plaintiff's privilege, conferred by statute, of choosing the forum he selected is a factor to be considered as against the 'convenience' as between ' the parties.'"

Chief Justice L. Hand's concurring opinion in Ford Motor Co., et al. v. Ryan, supra, also stated the same rule:

"However, as I understood it, the privilege granted by §15 still counts in the scale; a defendant must do more than show that the transfer will on the whole make the trial more convenient; it must make the trial markedly more convenient."

Bayly Manufacturing Company v. Koracorp Industries, Inc., 298 F. Supp. 600 (1969), denied the antitrust defendant's §1404(a) transfer motion. At pages 602-603, the Court forumulated §1404(a) standards for antitrust cases which give primary emphasis to the plaintiff's choice, especially if the chosen forum is his residence.

"Among the factors considered in determining the motion to transfer venue are: The plaintiff's right to choose his forum; the convenience of the parties including potential disruption of their business; the convenience of the probable witnesses; the forum where the case

can be most expeditiously tried; and the interests of justice, 'a term broad enough to cover the particular circumstances of each case.'

> "We recognize the rule that plaintiff's choice of forum in an antitrust action should not lightly be set aside, O'Neil Trucks Pty, Ltd. v. Pacific Car & Foundry Co., 278 F. Supp. 839 (D. Hawaii 1967), and that additional consideration is proper if plaintiff chooses the forum in which he resides."

In City of Philadelphia v. Emhart Corporation, et al., 317 F. Supp. 1320 (1970), an antitrust defendant's §1404(a) transfer motion was denied in spite of the fact that many of the defendant's principal places of business were in the requested transferee District. The rationale pointed to the convenience of the plaintiff, and at page 1322, the Court stated the rule relied upon by petitioner herein.

> "It is well settled that great weight is to be accorded to plaintiff's choice of forum and that, in order to effect a transfer under §1404(a), the moving party has a heavy burden of showing a strong burden of inconvenience."

However, the extraordinary weight given plaintiff's choice of forum in antitrust transfer cases since the second National City Lines case is in direct conflict with the second National City Lines case holding that §1404(a) is available to

an antitrust defendant on the same basis as the Transfer Act is available to the defendant in any case.

When subsequent cases are compared with the second National City Lines ruling that §1404(a) standards apply equally to antitrust as well as to all other cases, the confusion that exists among lower Courts becomes evident. In order to achieve conformity with its own holding, the Supreme Court should grant certiorari in this case to clear up the confusion that has arisen since the second National City Lines case.

The dissent in the second National City Lines case, as per Justice Douglas, expressed the view that the majority's holding would mutilate the venue provisions of the Clayton Act. Subsequent decisions of lower Federal Courts have refused to follow the second National City Lines case holding precisely by relying on the Clayton Act standard of the plaintiff's choice of forum. Thus, the position taken by the minority has been followed by lower Federal Courts which were called upon to rule on an antitrust defendant's motion to transfer. These conflicting decisions may have deterred potential antitrust plaintiffs from bringing suit because of uncertainty as to what standards would be applied if the defendant moved for a §1404(a) transfer.

The conflicting views expressed concerning when an antitrust case should be transferred pursuant to §1404(a) is exemplified by the letter petitioner herein received from The Honorable Richard B. Austin, U. S. District Court Judge

for the Northern District of Illinois. Said letter is set out in its entirety in Footnote 1 below.[1/]

1/ September 26, 1973, Honorable Edwin A. Robson, Chief Judge, United States District Court, Chicago, Illinios 60604. RE: Request for Reassignment of Solo Cup Co. v. Illinois Tool Works, Inc., No. 73 C 1690.

Dear Ed:

In reply to your letter of September 21, 1973 regarding the above matter, I feel that you should know the background as to what preceded the filing of the suit in California which has since been transferred to the Northern District of Illinois and is now pending before Judge McMillen.

Illinois Tool Works, in 1969, filed several patent suits in this district against several defendants regarding the infringement of two of their patents. These were all assigned to Judge Decker who subsequently found in two of the cases that the patents were valid and infringed, and Judge Decker was subsequently affirmed by the Court of Appeals, thus making the validity of the patents the law of the Circuit. Because of affidavits filed of a derogatory nature regarding Judge Decker's integrity in 69 C 480, Judge Decker sent the other pending cases to the Executive Committee for reassignment. The Executive Committee sent Case No. 69 C 480 to me for trial and one of the other cases to Judge McGarr.

(continued on page 18)

In his letter, Judge Austin of the transferee District, has publicly contradicted and refused to

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1/ (continued from page 17)

In order to avoid the law of the Circuit, defense counsel in 69 C 480 sought to have me transfer my case to the 8th Circuit where only one patent has been held valid in the last seventeen years. This I refused to do, and appeals all the way to the United States Supreme Court followed, all of them unsuccessful.

Three days before the case was set for trial before me on February 5, 1973, the California suit was filed by the defendants charging the plaintiff in my case with antitrust violations in regard to the misuse of the patents by the plaintiff in my case. Simulatenously they sought to have the California case stay the beginning of the trial before me three days later becasue of the filing of the California suit. This the California court refused to do and the case proceeded to trial before me on February 5, 1973, which trial lasted a period of several weeks.

On June 29, 1973, I filed my Findings of Fact and Conclusions of Law, again holding the patents valid, and finding that the defendants, Solo Cup, had infringed the patents. The only unresolved matter before me is the amount of plaintiff's attorney's fees. This I intend in the near future to send to a Magistrate to make a determination.

(continued on page 19)

comply with the very order and finding of U. S. District Court Judge Irving Hill, which the petitioner herein sought to annul. On the issue of Judge Hill's order to transfer venue to the Northern District of Illinois, Judge Austin wrote, in part:

> "I, therefore, do not consent to hear the California case, and I

1/ (continued from page 18)

The question of antitrust violations by Illinois Tool Works was not a part of the issues before me. Therefore, I fail to understand why this case was transferred here from California. In view of the fact that my case has been disposed of, I have no pending case before me to which it is related and if it were not disposed of, I doubt that it would be classified as a related case, the issues being entirely different.

I therefore, do not consent to hear the California case and I question whether Judge McMillen should accomodate a California judge by hearing the case.

Sincerely,
/s/ R. B. Austin
Richard B. Austin

RBA/d

cc: Honorable Thomas R. McMillen
Honorable Bernard M. Decker
Francis A. Even, Esq.
Granger Cook, Jr., Esq.

question whether Judge McMillen should accommodate a California Judge by hearing the case."

Conflicting views of this sort could possibly put petitioner in a position where the forum chosen by the antitrust plaintiff orders his case transferred to a forum which declines to accept it. This state of confusion needs to be clarified by the Court of last resort to insure the proper functioning of our antitrust laws.

2. The Issue the Supreme Court Is Being Called Upon to Resolve Is of Great Public Importance Because It Concerns the Continued Effectiveness of Private Anitrust Action As a Vital Means for Enforcing the Antitrust Policy of the United States.

The strong public policy of deterring monopolistic practices is deemed to be for the good of the entire consuming public. (Wilder Mfg. Co. v. Corn Products Refining Co., 1915, 236 U. S. 165, 174, 35 S. Ct. 398, 59 L. Ed. 520; Eastern States Retail Lumber Dealers Ass'n v. United States, 1913, 234 U. S. 600, 34 S. Ct. 951, 58 L. Ed. 1490.)

Monopolies cause an artificial condition to exist in the marketplace whereby output is restricted and price to the consumer is higher for a given product than it would be in a freely competitive market. In order to remedy this situation, our antitrust laws were designed to facilitate and give incentive to private citizens in bringing suits against antitrust violators who damage their

businesses.

Fortner Enter., Inc. v. United States Steel Corp., 394 U. S. 501, 502, states:

> "As the special provision awarding treble damages to successful plaintiffs illustrates, Congress has encouraged private antitrust litigation not merely to compensate those who have been directly injured but also to vindicate the important public interest in free competition. See Perma Life Mufflers v. International Parts Corp., 392 U. S. 134, 138-139, 88 S. Ct. 1981, 1984, 20 L. Ed. 2d 982 (1968)."

Another example of Congress' intent to encourage private antitrust suits contained in Title 15 U. S. C. §15, is a venue provision which allows plaintiff to sue "in any District Court of the United States in the district in which defendant resides or is found or has an agent, without respect to amount in controversy." This special venue provision requires less presence of the defendant than is required by the general venue standard contained in Title 28 U. S. C. §1391(c), which provides as follows:

> "A corporation may be sued in any judicial district in which it is incorporated, where licensed to do business or is doing business, and such judicial district shall be regarded as the residence of such corporation for venue purposes."

One method of fostering our antitrust policy is to have those injured by antitrust violations act as "private attorney generals," and the broader venue provisions of Title 15 were designed to be a way of faciliating the task of those "private attorney generals."

Judicial recognition of the private antitrust suit as an important means of enforcing our antitrust policy was expressed by Justice Rutledge in the first National City Lines case, supra, at page 581.

> "When therefore Congress came to face the problem of making the nation's antitrust policy more effective through the Clayton Act's provisions, that body was not confronted with any problem of abuse by plaintiffs in selecting venue for antitrust suits; nor was it concerned with any question of providing means by which the defendants in such suits might defeat the plaintiff's choice to serve their own convenience. Congress' concern was quite the opposite. It was to provide broader and more effective relief, both substantively and procedurally, for persons injured by violations of its antitrust policy. Insofar as convenience in bringing suit and conducting trial was involved, the purpose was to make these less inconvenient for plaintiffs or, as was said in the Eastman opinion, to remove the 'often . . . insuperable obstacle' thrown in their way by the existing venue restrictions."

After the second National City Lines case, supra, the restrictions placed upon plaintiff's choice of forum contained in Title 28 U. S. C. §1404(a) were held applicable to private antitrust actions. However, a consistent application of the §1404(a) transfer of venue provisions has not occurred and, as a result, private antitrust plaintiffs cannot be sure if a defendant's motion to transfer venue will be granted.

Settling the issue of what standard will be used for allowing an antitrust defendant to transfer venue from the forum chosen by plaintiff will significantly influence the ease with which, and possibly the instances in which such actions can and will be brought. If the balance were to be swung in favor of such defendants, it would ultimately be a deterrent to plaintiff's initiating and maintaining such actions, and thus frustrate the very public purpose which characterizes and underlies the policy of our antitrust laws.

Therefore, settling this question is an important issue in the administration of our antitrust laws and because of this, it is also an issue of great public importance.

3. If the Complained-Of Finding of Fact Made By Judge Hill Is Allowed to Stand, It Would Constitute a Violation of the "Due Process" Protection Afforded Petition By the Fifth Amendment to the U. S. Constitution and a Departure From the Accepted and Usual Course of Judicial Proceedings.

The finding of fact complained of is contained in the written order entitled "Order

Granting Motion to Transfer the Action and Placing Off Calendar Motions to Dismiss or Stay the Action." (Appendix B, page B-1 - B-5.) The order of transfer contains two findings of fact which purport to support it. The one complained of reads as follows:

> "The court finds . . . that most, if not all, of the substantive issues involved in the instant action have already been litigated by the parties in that district in another action, and that the instant action is a palpable attempt to relitigate said issues in a different forum, plaintiff being dissatisfied with the forum previously employed."
> (Appendix B, page B-4.)

The issue of res judicata was argued in this case in the briefs filed on the Motion to Dismiss, made by the antitrust defendant. However, that motion was taken off calendar at the commencement of the oral proceedings on this motion, and was officially put off calendar in the second part of the order in question. The finding in question was not relevant to the order of transfer, but rather to the Motion to Dismiss which was put off calendar. The finding should have been stricken as not relevant to the transfer order in which it was contained.

An irrelevant finding of fact is a violation of The Due Process Clause, because a Federal Judge's power to make a finding of fact is jurisdictionally limited by the order or judgment which

the finding of fact purports to support.

> "The jurisdiction of a court is purely and simply a question of power -- the power to create or affect legal interests which will be recognized as valid elsewhere. A limit is put on this power by the due process considerations of the United States Constitution. . ." St. Clair v. Righter, 250 F. Supp. 148, 152 (1966).

Not only was this finding irrelevant to the order, but it is unsupported by any evidence whatsoever. In order for a court to find that one action is simply an attempt to relitigage another action, the court must, first, have the Clerk's records and Reporter's Transcripts of each action before it, or at least that court must have before it the record of the former action. In the instant situation, Judge Hill had none of this material before him, in any manner; it is,thus undisputed that the court which made this finding did not have the complete court file of the Illinois Patent Infringement action before it, and had no Reporter's Transcript whatsoever.

Judge Austin, who is the Judge who actually presided over the 17-day trial of the action between Solo and I. T. W. (which is the case referred to by Judge Hill in his finding sought to be annulled), took a position which supports petitioner's effort to annul the finding. Judge Austin's letter (which is set out in Footnote 1, supra, at page 17) concludes in the last two paragraphs as follows:

> "The question of antitrust violations by Illinois Tool Works was not a part of the issues before me. Therefore, I fail to understand why this case was transferred here from California . . . I doubt that it would be classified as a related case, the issues being entirely different. I, therefore, do not consent to hear the California case, and I question whether Judge McMillen should accommodate a California Judge by hearing the case."

So, Judge Austin, who tried the patent infringement case and who, unlike Judge Hill, had the record of the patent infringement case before him, has taken the same position in opposition to Judge Hill as petitioner herein asserts.

To make such a totally irrelevant and unsupported finding of fact without giving petitioner herein an opportunity to present evidence on the issue was a denial of due process which should not be sanctioned. For a Judge to make an uncalled for finding that Item A is the same as Item B without having ever seen Item B is such departure from the accepted and usual course of judicial proceedings that it calls for an exercise of this Court's power of supervision.

It is a violation of the Due Process Clause even for an Administrative Agency to make a finding which is not supported by any

evidence. Houma Well Service, Inc. v. Tug Capt. O'Brien, 312 F. Supp. 257 (1970), states:

> "The terms 'arbitrary' and 'capricious' embrace a concept which emerges from the due process clauses of the Fifth and Fourteenth Amendments of the United States Constitution and operates to guarantee that the acts of government will be grounded on established legal principles and have a rational factual basis. A decision is arbitrary or capricious when it is not supported by evidence or when there is no reasonable justification for the decision."

CONCLUSION

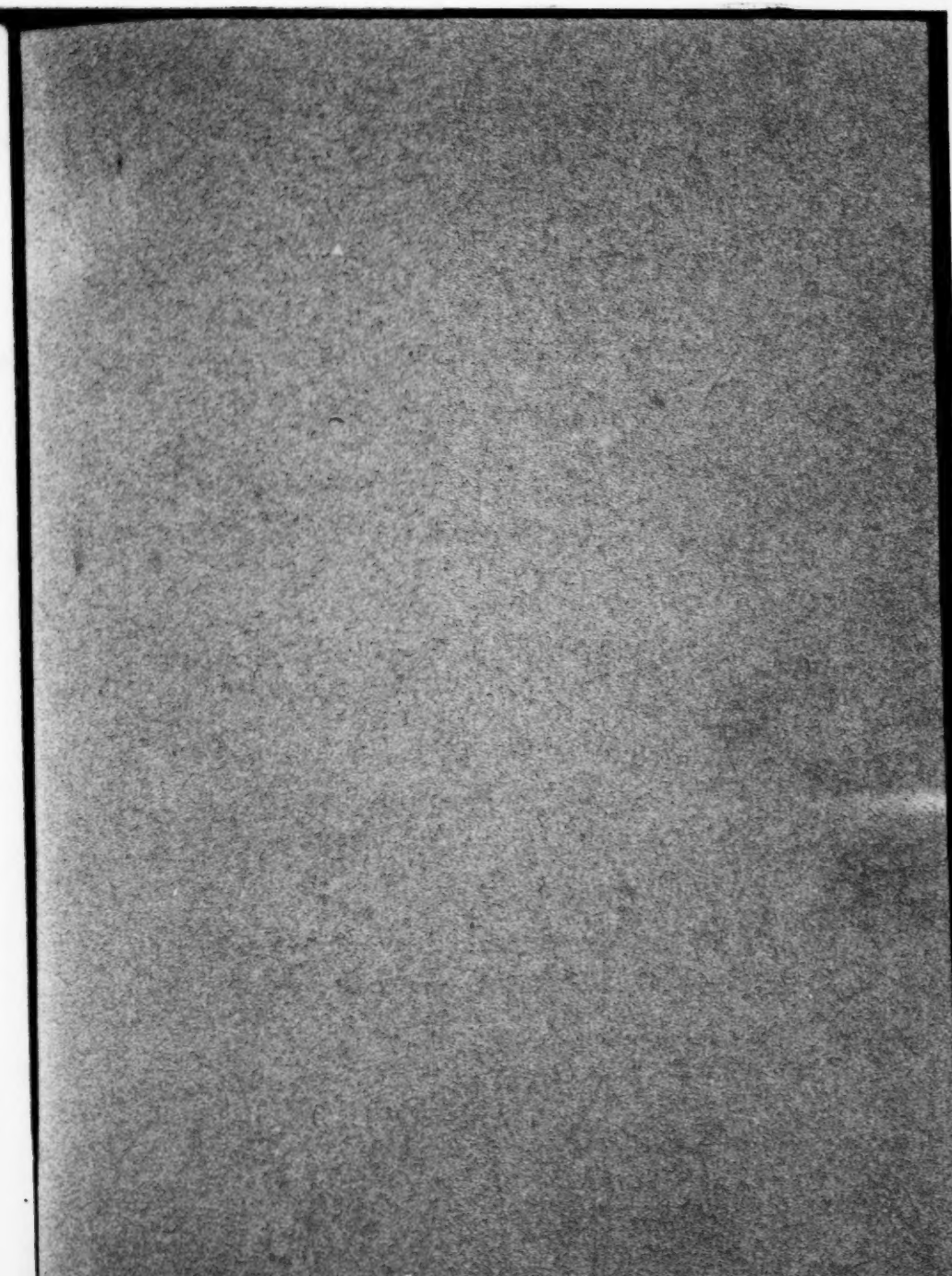
For the reasons stated above, the decision of the Ninth Circuit Court of Appeals, denying Solo Cup Company's Petition for the Writ of Mandamus raises questions of general importance in the enforcement of our antitrust laws, which should be reviewed by this Court. The confusion and conflicting views expressed as to the proper standard for deciding an antitrust defendant's Motion to Transfer Venue and the consequent obstacle this presents to potential antitrust plaintiffs is a matter of importance to the general public, since facilitating private antitrust actions is a vital means for enforcing the antitrust policy of the United States.

Finally, these issues arise in the context of a hearing which resulted in a gross denial of due process, as well as a departure from the accepted and usual course of judicial proceedings which was sanctioned by the Ninth Circuit Court of Appeals and, therefore, calls for an exercise of Supreme Court's power of supervision.

Respectfully submitted,

DONALD PERRY RHOADS,
of ROSENTHAL & RHOADS,
A Professional Corporation

Attorneys for Petitioner



APPENDIX A

FILED
October 29, 1973
, Clerk
U. S. Court of Appeals

UNITED STATES COURT OF APPEALS

FOR THE NINTH CIRCUIT

SOLO CUP COMPANY, a corporation, Petitioner, v. UNITED STATES DISTRICT COURT, CENTRAL DISTRICT OF CALIFORNIA, Respondent, ILLINOIS TOOL WORKS, INC., a corporation, Real Party in Interest.	)	No. 73-2895 ORDER

Before: ELY and GOODWIN, Circuit Judges.

The "Motion for Reconsideration etc.", filed herein on October 23, 1973, is denied.

United States Circuit Judges

UNITED STATES COURT OF APPEALS FOR

THE NINTH DISTRICT

SOLO CUP COMPANY, a corporation, Petitioner, vs. UNITED STATES DISTRICT COURT, CENTRAL DISTRICT OF CALIFORNIA, Respondent, ILLINOIS TOOL WORKS, INC., a corporation, Real Party in Interest.	No. 73-2895 MOTION FOR RECONSIDERATION OF ORDER DENYING PETITION FOR WRIT OF MANDAMUS

Petitioner, SOLO CUP COMPANY, respectfully moves that U. S. Circuit Judges Ely and Goodwin reconsider their Order of October 11, 1973 denying petitioner's "Application for Writ of Mandamus." Said motion is made upon the ground that U. S. District Court Judge Richard B. Austin has publicly contradicted and refused to comply with the very order and finding of U. S. District Court Judge Irving Hill, which the petitioner herein seeks to annul.

The Honorable U. S. Circuit Court Judges Ely and Goodwin may not have known of Judge Austin's attack on Judge Hill's order when they

issued the order denying said petition, because Judge Austin's letter (attached hereto as Exhibit 1) which contradicts the order sought to be annulled was not received by petitioner or the U. S. Circuit Court until after the petition herein was filed.

The fact that Judge Austin (who just finished the 17 day trial between SOLO and I. T. W. which is the case referred to by Judge Hill in his order sought to be annulled) took a position which supports petitioner's effort to annul Judge Hill's order is patent from the last two paragraphs of the attached letter addressed to Chief Judge Edwin A. Robinson. Judge Austin wrote in part:

> "The question of antitrust violations by ILLINOIS TOOL WORKS was not a part of the issues before me. Therefore, I fail to understand why this case was transferred here from California. . . . I doubt that it would be classified as a related case, the issues being entirely different. I, therefore, do not consent to hear the California case and I question whether Judge McMillen should accommodate a California Judge by hearing the case."

Petitioner's Writ of Mandate seeks to (a) annul Judge Hill's order granting I. T. W. 's motion to transfer this antitrust action to the Northern District of Illinois and/or (b) annul Judge Hill's finding that the substantive issues of this antitrust action are the same as those

tried before Judge Austin in a patent infringement action between the same parties.

Judge Austin stated with regard to petitioner's contention in (a) above:

> "I question whether Judge McMillen should accommodate a California Judge (meaning Judge Irving Hill) by hearing the case."

With regard to petitioner's contention in (b) above, Judge Austin stated:

> "I doubt that it (the antitrust action) would be classified as a related case (related to the patent case), the issues being entirely different."

Parenthetical explanations added by petition. So, Judge Austin, who tried the patent infringement case and who, unlike Judge Hill, had the record of the patent infringement case before him, has taken the same position in opposition to Judge Hill as petitioner herein asserts.

It is respectfully submitted that the Honorable U. S. Circuit Court Judges have the obligation of granting a hearing on this petition in order to resolve these conflicting U. S. District Court decisions.

ROSENTHAL & RHOADS

By_____
Donald Petty Rhoads
Attorneys for Petitioner

CERTIFICATE OF SERVICE BY MAIL

Ann Mitchell certifies as follows:

I am a citizen of the United States and am employed in the County of Los Angeles, State of California; I am over the age of eighteen years and am not a party to this action; my business address is 250 N. Canon Drive, Beverly Hills, in said County and State; I am employed in the office of Rosenthal & Rhoads, a Professional Corporation, members of the bar of this Court, and at their direction on the ____ day of October, 1973, I served the within

MOTION FOR RECONSIDERATION
OR ORDER DENYING PETITION
FOR WRIT OF MANDAMUS

on the Respondent and parties in this action by depositing a true copy thereof enclosed in a sealed envelope with postage fully prepaid, in a mail box, regularly maintained by the Government of the United States at front of 250 N. Canon Drive, in the City of Beverly Hills, California, addressed to the Respondent and to the attorneys of record for said parties at the office address of said Respondent and said attorneys as follows:

Honorable Irving Hill
U. S. District Court,
Central Distric
312 No. Spring St.
Los Angeles, Calif.
90012

Hume, Clement, Brinks,
William, Olds & Cook, Ltd.
Granger Cook, Jr.,
James P. Hume
John L. Cline
One First National Plaza
Chicago, Ill. 60670

Gibson, Dunn & Crutcher
Samuel Pruitt, Jr.
Dean Stern
515 So. Flower St.
Los Angeles, Calif. 90007

I declare under penalty of perjury, that the foregoing is true and correct.

Executed on October____, 1973 _____
Ann Mitchell

October 2, 1973

AIR MAIL -
SPECIAL DELIVERY

Clerk
United States Court of Appeals
Ninth Judicial Circuit
U. S. Court of Appeals & Courthouse Bldg.
7th & Mission Streets
San Francisco, Ca. 94101

Re: Solo Cup Company, a Corporation,
Petitioner,

vs.

Irving Hill, U. S. District Judge,
Respondent

No. 73-2895
PETITION FOR WRIT OF
MANDAMUS

Gentlemen:

Enclosed are three copies of the Exhibits to the Petition for Writ of Mandamus which are identical to the three copies which I mailed to you on Friday, September 28, 1973, except that EXHIBITS A through I contain index tabs.

Mr. Hewitt told me on the phone today that the Exhibits could be forwarded to the Judicial Panel in time, if received by Thursday, October 4, 1973.

Please excuse my oversight in failing to tab the Exhibits mailed to you on September 28, 1973.

Thank you for your courtesy and cooperation.

Very truly yours,

Donald Perry Rhoads
of
ROSENTHAL & RHOADS,
A Professional Corporation
Attorneys for Petitioner

UNITED STATES COURT OF APPEALS FOR

THE NINTH CIRCUIT

Filed
Oct 11 1973

Clerk
U. S. Court of Appeals

SOLO CUP COMPANY, a corporation)
)
Petitioner)
)
vs.)
) No.
UNITED STATES DISTRICT COURT,) 73-2895
CENTRAL DISTRICT OF CALIFORNIA)
)
Respondent,)
)
ILLINOIS TOOL WORKS, INC.,)
a corporation,)
)
Real Party in Interest)
)

Before: ELY and GOODWIN, Circuit Judges

ORDER

The writ of mandamus sought by petition filed herein on October 1, 1973, is denied.

U. S. Circuit Judges

ROSENTHAL & RHOADS,
A Professional Corporation
250 No. Canon Drive
Beverly Hills, Calif. 90210

Attorneys for Petitioner
Solo Cup Company

UNITED STATES COURT OF APPEAL
NINTH CIRCUIT

SOLO CUP COMPANY, a corporation, Petitioner,	NO. 73-185-IH
vs.	PETITION FOR WRIT
IRVING HILL, U. S. District Judge, Respondent.	OF MANDAMUS

Petitioner moves the court for an order directing the clerk to include in the appendix of the above-entitled "Petition for Writ of Mandamus" as "Exhibit J" the letter attached hereto of Judge Austin dated September 26, 1973.

The Petitioner believes this letter (especially the last two paragraphs) to be essential to the proper considerations of the questions involved in this Petition.

DATED: 10-1-73

By /s/ Donald Perry Rhoads
Donald Perry Rhoads
Attorney for Petitioner

United States District Court
For the Northern
District of Illinois
Chicago 60604

Chambers of
Judge Richard B. Austin September 26, 1973

Honorable Edwin A. Robson
Chief Judge
United States District Court
Chicago, Illinois 60604

RE: Request for Reassignment of
Solo Cup Co. v. Illinois Tool
Works, Inc., No. 73 C 1690.

Dear Ed:

In reply to your letter of September 21, 1973 regarding the above matter, I feel that you should know the background as to what preceded the filing of the suit in California which has since been transferred to the Northern District of Illinois and is now pending before Judge McMillen.

Illinois Tool Works, in 1969, filed several patent suits in this district against several defendants regarding the infringement of two of their patents. These were all assigned to Judge Decker who subsequently found in two of the cases that the patents were valid and infringed, and Judge Decker was subsequently affirmed by the Court of Appeals, thus making the validity of the patents the law of the Circuit. Because of affidavits filed of a derogatory nature regarding Judge Decker's integrity in 69 C 480, Judge Decker sent the other

pending cases to the Executive Committee for reassignment. The Executive Committee sent Case No. 69 C 480 to me for trial and one of the other cases to Judge McGarr.

In order to avoid the law of the Circuit, defense counsel in 69 C 480 sought to have me transfer my case to the 8th Circuit where only one patent has been held valid in the last seventeen years. This I refused to do and appeals all the way to the United States Supreme Court followed, all of them unsuccessful.

Three days before the case was set for trial before me on February 5, 1973, the California suit was filed by the defendants charging the plaintiff in my case with antitrust violations in regard to the misuse of the patents by the plaintiff in my case. Simultaneously they sought to have the California case stay the beginning of the trial before me three days later because of the filing of the California suit. This the California court refused to do and the case proceeded to trial before me on February 5, 1973, which trial lasted a period of several weeks.

On June 29, 1973, I filed my Findings of Fact and Conclusions of Law, again holding the patents valid, and finding that the defendants, Solo Cup, had infringed the patents. The only unresolved matter before me is the amount of plaintiff's attorney's fees. This I intend in the near future to send to a Magistrate to make a determination.

The question of antitrust violations by Illinois Tool Works was not a part of the issues before me. Therefore, I fail to understand why this case was transferred here from California. In view of the fact that my case has b en disposed of, I have no pending case before me to which it is related and if it were not disposed of, I doubt that it would be classified as a related case, the issues being entirely different.

I, therefore, do not consent to hear the California case and I question whether Judge McMillen should accommodate a California judge by hearing the case.

Sincerely,

/s/ R. B. Austin
Richard B. Austin

RBA/d

cc: Honorable Thomas R. McMillen
Honorable Bernard M. Decker
Francis A. Even, Esq.
Granger Cook, Jr., Esq.

ROSENTHAL & RHOADS,
A Professional Corporation
250 No. Canon Drive
Beverly Hills, Calif. 90210

Attorneys for Petitioner
Solo Cup Company

UNITED STATES COURT OF APPEAL
NINTH CIRCUIT

SOLO CUP COMPANY, a corporation, Petitioner,	)	NO. 73-185-IH
vs.	)	
IRVING HILL, U. S. District Judge, Respondent.	)	PETITION FOR WRIT OF MANDAMUS

Comes now Solo Cup Company, a corporation (hereinafter "Solo"), Petitioner in the above entitled action and petitions this court to issue a Writ of Mandamus directing Irving Hill, Judge of the United States District Court for the Central District of California, to:

A) annul the order granting defendant's motion to transfer the above entitled action to the Northern District of Illinois (where it is now pending by reason of said transfer order); and/or

B) annul that part of the order granting defendant's motion to transfer the

above-entitled action to the Northern District of Illinois, which finds that "most, if not all, of the substantive issues involved in the instant action have already been litigated by the parties in that District (meaning the Northern District of Illinois) in another action, and that the instant action is a palpable attempt to relitigate said issues in a different forum, Plaintiff being dissatisfied with the forum previously employed."

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B. WHETHER THE DISTRICT COURT CAN, IN AN OPINION GRANTING A DEFENDANT'S 28 U.S.C. SECTION 1404(a) MOTION TO TRANSFER VENUE, MAKE A FINDING OF FACT WHICH IS BASED ON EVIDENCE NOT BEFORE THE COURT.

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I. The Facts Supporting This Petition Are As Follows:

On January 31, 1973, Solo Cup Company (Solo), a corporation, (Petitioner herein), filed in the Uunited States District Court, Central District of California its complaint against Illinois Tool Works, Inc. (ITW), a corporation, for antitrust violation and unfair competition in the production and marketing of thin-walled plastic cups, seeking damages and injunctive relief. This complaint was filed by Solo's counsel, Jerome B. Rosenthal, a Beverly Hills, California attorney who is Solo's Counsel on general and litigation matters, and special counsel chosen for this case. The complaint was verified by Leo J. Hulseman, Solo's president and principal shareholder. The facts, from affidavits and pleadings (affidavit of John F. Flannery contained in Exhibit "F"; affidavit of Jerome B. Rosenthal contained in Exhibit "F"; Grounds for Motion contained in Exhibit "D"), upon which Solo bases California jurisdiction and venue are as follows:

1. ITW has a plastic manufacturing plant, warehouse and office in Sante Fe Springs, California, which is in the Central District of California. ITW also has other plants or installations in Burbank and La Jolla, California.

2. The sales transactions of Plaintiff (Petitioner) Solo are continuing, established, substantial, important and determinative "contacts" in and with California, to a greater degree than in the Chicago area. For the fiscal year from April 1, 1972 through March 31, 1973, Solo's plastic cup sales (articles or products which are

the subject matter of the alleged anti-trust, restraint of trade, and unfair competition violations) were greater in the San Francisco and Los Angeles regions, than they were in the region of Chicago and its environs.

3. In the indicated fiscal year, Solo's sales were highest in the New York City area, and the next highest (or second in the United States) in the San Francisco and Los Angeles area. Chicago and its environs was in fourth position, and constituted or comprised less than 15% of the toral sales of Solo.

4. Further, Solo has permanent installations in California consisting of:

    a. warehouse, Los Angeles - servicing and shipping Los Angeles area sales,

    b. warehouse, San Lorenzo - servicing and shipping San Francisco sales,

    c. warehouse, Santa Paula - pilot operation, and transitional facility.

5. The personnel, permanent and direct, employed by Solo in California only, in selling, i. e. sales representatives, consist of four in San Francisco, five in Los Angeles, and one broker. In addition there are permanent servicing personnel and administrative personnel in each of Solo's installations as referred to above.

6. Moreover, substantial operative facts upon which this action is based have occurred within this district in that the Defendant ITW and its licensees generate or make sales of some One Hundred Million (100,000,000) units of plastic cups and containers (the articles or products which are the subject matter of the alleged antitrust, restraint of trade, and unfair competition violations) in the State of California, annually. This figure was derived by averaging out over thirteen years the sales of ITW and those of its licensees in the United States.

7. Solo's president and principal shareholder, Mr. Leo J. Hulseman, who verified the complaint herein, lives in the Central District of California, and he will be spending substantial time in the future in this district handling Solo's business affairs and new plant installations. Solo's counsel on general and litigation matters, especially chosen for this case is Rosenthal & Rhoads, a professional corporation (its predecessor attorney submitted the complaint herein) which law firm has its main office within the Central District of California.

8. ITW has misused the United States Courts for the Northern District of Illinois, which is the district wherein ITW seeks to transfer venue, in that it failed in related litigation between the parties to reveal its prior connection with Judge Bernard Decker. Said misuse amounts to the status of seriously

unclean hands in view of the fact that the rule of the circuit for the application of collateral estoppel on the issue of patent validity made Judge Decker's decision tantamount to a decision of national application to all prospective future Defendants who comprise the entire industry. Further, ITW's strenuous efforts to corral all such patent enforcement cases in said district constitutes substantial evidence of ITW's lack of standing to seek a transfer of this antittrust action into the Northern District of Illinois where the charged unlawful conduct occurred in the first instance.

Count I of the complaint for Antitrust Violation (attached hereto as Exhibit "I") arose under Sections 1 and 2 of the Act of Congress of July 2, 1890, 26 Stat. 209, as amended (the Sherman Act) (15 U. S. C. Sections 1 and 2), and under Sections 4 and 16 of the Act of Congress of October 15, 1914, 38 Stat. 731, as amended, (the Clayton Act) 15 U. S. C. Sections 15 and 26.

The nature of the trade and the commerce involved in this action is that ITW and Solo are competitors in the manufacture, and in the sale in interstate commerce of thin-wall disposable plastic cups, which are the subject of the conspiracy, monopoly, and attempt to monopolize as described below. Such cups are commodities made for the thin-wall disposable plastic cups consists of sales to vending machine operators for vending use, to wholesalers for institutional use, and through brokers to retail outlets for home use.

ITW is one of the largest manufacturers of thin-wall disposable plastic cups for vending use

in the United States and, through its patent licenses with other manufacturers, controls the market for thin-wall disposable plastic cups for institutional and consumer use.

Solo does not know the dollar value of the annual sales in the United States of thin-wall disposable plastic cups, but estimates it at more than $50,000,000.00, at wholesale value. ITW and its licensees make about 90% of such sales.

The offenses alleged in the Complaint are that beginning in about the end of 1956, ITW has continuously monopolized and attempted to monopolize interstate trade and commerce in the manufacture and sale of thin-wall disposable plastic cups in violation of Section 2 of the Act of "Congress, July 2, 1890, c. 646, 26 Stat. 209, as amended (15 U.S.C. Sec. 2), commonly known as the Sherman Act.

Beginning sometime in 1960, the exact date being unknown to Solo, and continuing up to the date of filing the Complaint, ITW and Dow Chemical Co. (Dow) have engaged in a continuing conspiracy to restrain and to monopolize interstate commerce in thin-wall disposable plastic cups, and pursuant thereto ITW has in fact achieved monopoly, all in violation of Sections 1 and 2 of the Sherman Act.

Commencing about October 1956, ITW embarked upon an intensive program to obtain patents with which to curtail competition and to control potential competitors in the field of thin-wall disposable plastic cups. In pursuance thereof, ITW first entered into an option agreement, and later into an exclusive license agreement with one Politis, of Athens, Greece, who had developed a thermoforming machine for the

manufacture of thin-wall disposable cups from thin sheet material. That agreement prevented Politis from licensing or divulging know-how to other companies with respect to machinery and techniques for producing thin-wall disposable plastic cups.

ITW collected all prior art patents on cups and cup-making machinery, and with the help of its co-conspirator Dow, collected samples of all plastic cups made by others, including those made by Continental Can Co. ITW purchased and brought to the United States an improved thermoforming machine made by Politis and arranged with Politis for the filing and prosecution of applications for patents of the United States and other countries thereon, to ITW's benefit. Concurrently therewith it had produced for it in Greece, and later itself produced in the United States prior to June 1957, a disposable thin-wall plastic cup similar to that of the Continental Can Co. ITW found that its cup was not acceptable because the necessary Z-shaped cross-section of the stacking ledge ("Stacker") formed at the top of the Continental Can cup to prevent the nested cups from jamming together was uncomfortable to the lip of the user, as was the raw edge of the plastic sheet at the lip.

From June 1956 until at least 1960, ITW maintained its cup-making machinery and facilities in strictest secrecy, while making changes in the Politis machinery after receiving the same, and designing a reim-roller to make a smooth rounded bead at the lip of the cup.

Prior to June 1957, Continental Can Co. had introduced to the public a plastic cup which had a Z-shaped stacker at the bottom of the cup. ITW thereupon likewise moved its Z-shaped stacker to the bottom of the cup.

In November 1957, in the name of one of its engineers, Bryant Edwards, ITW filed an application for patent of the United States which claimed as his invention a cup substantially the same as the Continental Can thin-wall plastic cups then already introduced to the public and known to ITW. In making such application, ITW did not disclose, and in fact continued to conceal, the then-secret methods by which ITW was making its cup, not the best mode contemplated by Edwards for carrying out his alleged invention, as it was required to do by the pertinent patent statutes (35 U. S. C. §112). Moreover, to further deceive the Patent Office and the public, ITW withheld from the Patent Office the prior art that it was then aware of, including the Continental Can Co. cup.

ITW sold substantial quantities of its thin-wall disposable plastic cups to Automatic Canteen Company of America and delivered them to Automatic Canteen vending locations beginning in April 1958. ITW found that it could not make the cups uniformly by its then-secret methods, and the cups did not vend properly, i. e. separate readily one-by-one from a nested stack of cups, because of lack of an air break, and because of the mutual attraction resulting from static electricity. ITW thereupon redesigned its stacker, as Continental Can Company had previously done, to provide an air break, and it developed a method, which it has maintained in secrecy, for treating the plastic material to counteract static electricity.

ITW continued to develop the Politis method in secrecy, and built improved machines to make the cups.

In October 1958, again in the name of Edwards, ITW filed a further application for

patent of the United States claiming as Edwards' inventions cups substantially the same as the Continental Can Co. cups used as models by ITW. Knowing that isit allowed the first-mentioned patent application to issue as patent, the claims of the second would have to express a "non-obvious" advance over the claims of the first, ITW included the claims and disclosure of the first application in the second, with the obvious expectation of experienced and sophisticated counsel that the Patent Office would require restriction under the provisions of 35 U. S. C. §121. ITW deliberately elicited this restriction requirement to obscure the chronological sequence of Edwards' alleged "inventions", and to avoid the law's mandate that the two patents which would issue must be patentably distinct.

Further, for the purpose of deceiving the public, ITW did not disclose in either of said first or second applications, the method it contemplated for making the cup, nor the best mode, but instead kept its methods and best mode secret, in violation of the patent law. ITW did not disclose the earlier Continental Can Company cups to the Patent Office, even though it knew that the Continental Can Company cups were more pertinent to the claims of its applications than the prior art cited by the Patent Examiner. Indeed, ITW argued that the prior art cited and relied upon by the Examiner did not fairly anticipate Edwards' claimed inventions because it did not show features which clearly were part of the Continental Can Company cups that were known to ITW and withheld from the Examiner.

In about late 1959, other thin-walled plastic cups were introduced to the markets in Europe and in the United States by a German manufacturer. The German form of cup was not disclosed in ITW patent applications, nor covered by the

then-pending claims thereof. Notwithstanding earlier arguments made by ITW to the Examiner to distinguish Edwards' "inventions" from prior art similar to the German cups, ITW re-wrote its patent application claims in language broad enough to cover the German cups while failing to make the German cup known to the Patent Office.

In about 1960, ITW and Dow entered into a license agreement in which ITW agreed to disclose to Dow its secret methods and know-how for the manufacture of the cups which were disclosed in the Edwards patent applications, and to continue to purchase raw material from Dow. Dow agreed in return to grant ITW a license on any patent thereafter obtained on thin-wall plastic cups, to disclose to ITW its know-how, and prior to its introduction to the public, any new plastic material developed by Dow and suitable for cup manufacturing. In addition, Dow and ITW agreed to aid each other in obtaining patents on plastic cups and machinery, to aid each other in the event of patent interference with third parties, and to report to each other any infringement of ITW's patents. They agreed moreover that ITW would not license anyone else for three years and Dow would only license others to buy and resell cups with ITW's permission.

Dow and ITW had numerous meetings in which they exchanged know-how with respect to cup-making machinery and Dow gave ITW samples of Dow's newly developed plastic raw material. Dow and ITW cooperated in the prosecution of applications for patents for the manufacture of thin-wall plastic cups and in the interferences. Dow, from its vantage point of raw material producer, informed ITW of infringers of ITW patents.

In the late 1950's or early 1960's, Automatic Canteen began to manufacture for its own use the thin-wall disposable plastic cups it had previously obtained from ITW. In 1962, ITW sued Automatic Canteen in the United States District Court (N. D. Ill., E. D.) for purloining ITW's trade secrets and for patent infringement. The trade secrets alleged to have been stolen by Automatic Canteen were ITW's methods of making the cups disclosed in Edwards' second patent application and the best mode for carrying out his alleged invention, those methods and best mode being part of the disclosure which was fraudulently withheld by ITW when it filed the second Edwards patent application. The litigation was settled by the agreement of Canteen to withdraw from the manufacture of cups, (which it thereupon did) and to purchase all of its requirement for said thin-wall plastic vending cups from ITW for a minimum period of 5 years, which Canteen did. At that time of settlement, Canteen was the largest single vending machine purveyor of beverages in the United States and had been removed from the thin-wall disposable plastic cup market by its settlement agreementwith ITW.

Having retired in about 1959 from the thin-wall disposable plastic drinking cup field, Continental Can Company resumed its efforts to enter that market in 1962 with equipment obtained from the German Company whose plastic cups were referred to in this Complaint, but after a relatively short period again withdrew from the plastic drinking cup market and attempted instead to supply thin-wall plastic containers in the food packaging field specifically for the packaging of cottage cheese and like dairy products.

In the meanwhile on May 28, 1963 and

June 30, 1964, ITW obtained from the United States Patent Office the issuance of two United States patents Nos. 3,091,360 and 3,139,213 which resulted from the aforementioned first and second applications filed in 1957 and '58 on behalf of the said Continental Can Company for infringement of the '213 patent sale of cottage cheese containers. The action, Illinois Tool Works v. Continental Can Co., 397 F. 2d 517 (1968) was tried on a bench trial to the Hon. Bernard M. Decker who found the '213 patent valid and infringed, enjoined the further manufacture by Continental Can Company, except as it might be licensed by ITW, and held Continental Can Company to respond in damages for patent infringement. In that that case, Continental Can Company pleaded its prior development of the cups from which the Edwards' cups were styled, but the Court discounted the Continental Can Company's developments as prior art because of their asserted failure to penetrate the market. Adequate evidence was apparently not offered by Continental Can Company to demonstrate the fact that its cups in question did in fact become commercial or public, nor was the Court informed, nor is it apparent that Continental Can Company knew, that ITW and its engineer Edwards had samples of the Continental Can Company cups in hand when Edwards made his alleged inventions now memorialized in the said '213 and '360 patents. The said judgment in ITW's case against Continental Can Company was affirmed by the Court of Appeals for the Seventh Circuit. 397 F. 2d (1968).

As a result of the foregoing legal proceedings, ITW and Continental Can Company entered into a license agreement under which Continental Can Company pays continuing royalties to ITW

under the '213 patent.

In 1967 ITW brought a further suit against Sweetheart Plastics, Inc., a Maryland Cup Corporation, again in the Northern District of Illinois, and obtained the assignment of the case for bench trial to the same judge, Hon. Bernard M. Decker. (Illinois Tool Works, Inc. v. Sweetheart Plastics, Inc., 306 F. Supp. 364 (1969)). The suit charged infringement of the '213 and '360 patents. In the course of the suit, the defendants tried, by instituting separate declaratory judgment action in the Southern District of New York (Sweetheart Plastics, Inc. v. Illinois Tool Works, Inc., 267 F. Supp. 938 (1968), to escape adjudication by the suit in the Northern District of Illinois. In all such instances, on the asserted grounds of the "acquired expertise" of the same Northern Illinois District Court Judge (Hon. Bernard M. Decker), for asserted considerations of judicial expediency and administration cited by the United States District Court in New York, in Illinois, and by United States Court of Appeals for the First Circuit, the Sweetheart defendants were forced and bound, notwithstanding their justified and vigorous efforts resisting, to actually try their case before Judge Decker. Judge Decker, upon the representations of ITW that both patents were for the "same inventive concept", once gain adjudicated the '213 patent valid, held the '360 patent valid as well, and held both patents infringed by the Sweetheart defendants. The Court of Appeals for the Seventh Circuit, not suprisingly, again affirmed, and, in fact, again affirmed the application of the "law of the circuit" doctrine which is employed in the Seventh Circuit to collaterally estop a new defendant, even absent privity with prior defendants, to invalidate a patent once held valid unless he would do so

with "persuasive new evidence". Again in the Sweetheart case, the record is barren of any notification or disclosure by ITW to the Court, that it had the Continental Can Company cups in hand at the time its engineer Edwards made his alleged inventions.

During the pendency of the action against the Sweetheart defendants on March 6, 1969 just before the commencement of the trial of the Sweetheart case, ITW brought in the Northern District of Illinois six (6) separate actions for infringement of one or the other of the same two Edwards' patents, 1360 and '213, including an action No. 69 C 480 in that Court against the plaintiff herein, Solo Cup Company, in which it charged this plaintiff with infringement of both of said patents by reason of the manufacture and sale of thin-wall disposable plastic drinking cups. The other defendants represent substantially the balance of the thin-wall disposable drinking cup industry and include the following:

> Foster Grant Co., Scott Paper Co., Inc., American Can Co., Phillips Petroleum Co., and Owens-Illinois, Inc.

Again ITW obtained the assignment of every one of these six (6) cases to the same District Judge who tried the Continental Can Company and Sweetheart cases, viz., Hon. Bernard M. Decker. Within a relatively short time, American Can Co. (Dixie Cup) settled by taking a license. So also did Owens-Illinois (Lilly Tulip Cup), Phillips Petroleum Co. and Scott Paper Co., Inc. Only the plaintiff here, Solo Cup Company, and Foster Grant Co., continued to resist the imposition of what the plaintiff alleges are patents improperly obtained by ITW's deception of the

Patent Office and its enforcement of the said patents by the withholding of the same information from the Courts. The Sweetheart defendants also became licensed after their unsuccessful appeal to the Court of Appeals for the Seventh Circuit (Illinois Tool Works, Inc. v. Sweetheart Plastics, Inc., 436 F. 2d 1180 (1971) in order to avoid the crippling effect of the injunction granted by Judge Decker. With the Sweetheart defendants added to the list of those licensed, ITW, through its own efforts and those of its willing and reluctant licensees, now controls ninety percent (90%) of the market in thin-wall disposable plastic drinking cups, upon information and belief.

In November, 1969, when said Civil Action 69 C 480 by ITW against Solo was some seven (7) months old, Judge Decker entered an order precluding Solo from discovering from ITW on the affirmative defenses of patent invalidity of the '213 patent and misuse, presumably because of the prior adjudication by the Court of Appeals for the Seventh Circuit of the validity of the '213 patent and pending decision by that Court of Appeals on the validity of the '360 patent. Solo, the plaintiff here, (Defendant in the Illinois action), thereupon moved the trial judge to recuse, charging that he could not give this plaintiff (Defendant in Illinois) a fair trial. The judge, Hon. Bernard M. Decker, declined to decide the recusal motion, referred it to the Executive Committee of the Court, which denied the recusal motion. Solo thereupon demanded trial by jury to escape adjudication by Judge Decker.

Some fourteen (14) months later, on or about January, 1971, Judge Decker was persuaded by the ITW to strike the defendant's jury demand. At the same time, however, the said Judge

lifted partially the restriction upon Solo, permitting it to discover from ITW on Solo's affirmative defenses of patent invalidity, unclean hands, etc., by allowing such discovery to be taken only if first submitted for ITW's objection and for the Court's approval. A proposed schedule of discovery previously submitted by Solo was approved by the Court, over ITW's objection, simultaneously with the striking of Solo's jury demand.

In the interim and on or about June 24, 1970, Judge Decker, on a denial of Solo's m otion for summary judgment of invalidity of the '360 patent on the ground of obviousness over ITW's previous commercialization of the thin-wall plastic cup of the '213 patent, denied Solo's motion for judgment but ruled that ITW's commercialization of the cup shown in the '213 patent prior to Edwards' conception of the alleged improvement represented by the '360 patent made the former prior art to the latter under 35 U.S.C. 102(a). Although denying the Defendant's motionfor summary judgment, the said judge certified his ruling of law for appeal by the Plaintiff. The Seventh Circuit Court of Appeals granted leave to appeal, and reversed and remanded. The Supreme Court declined to entertain a petition for certiorari by Solo of the interlocutory reversal, and, upon ITW's motion in February 1972, Judge Decker scheduled a termination of discovery on June 9, and set the case for trial onJuly 5, 1972.

In or about the early part of the month of May 1972, Solo, the plaintiff here (Defendant in Illinois) by purely independent investigation, discovered that there had been a prior connection between Judge Decker and the principal owners of ITW, the Smith family of renown in Illinois and controlling owners of the Northern

Trust Company, the City's third largest banking institution. Judge Decker, before his appointment to the federal bench and prior to his election to the state bench, had represented as an attorney, the estate of a prominent member of the Smith family, a stockholder and director of ITW, in probate and in chancery proceedings, in connection with the probate of the said decedent Smith's estate then pending before Martin C. Decker, Probate Judge of Lake County, Illinois, and father of Bernard M. Decker, to whom the aforementioned patent infringement actions had been assinged by ITW.

On the presentation to Judge Bernard M. Decker of evidence of his connection with the principal owners of ITW, he recused; when Solo, the plaintiff here (Defendant in Illinois) indicated to his successor judge, Hon. William J. Lynch, that it would, for the same reasons it objected to Judge Decker's deciding the Solo case, also resist the application to Solo of his prior decisions under the Seventh Circuit's "law of the circuit" doctrine, and also pointed out to Judge Lynch, by way of notice to the Court and to ITW, a remote connection between Judge Lynch and the principal owners of Solo, Judge Lynch also recused.

On August 11, 1972, Solo, the plaintiff here (Defendant in Illinois) sought transfer of the cause from Chicago to Kansas City, i. e., out of the Seventh Circuit and away from its "persuasive new evidence rule", contending in its motion for transfer that because of Solo's resistance to Judge Decker's prior decisions based upon his connection (as former counsel, as stated above) with the owners of ITW, that neither justice nor the appearance of justice could be served by the present trial judge, sitting on the case to pass upon the judicial propriety

of the acts of his colleague, Judge Decker. Transfer to Kansas City was denied; mandamus for transfer and for trial by jury was denied by the Court of Appeals for the Seventh Circuit.

The damages sought by Solo by reason of the foregoing facts are for:

1. The conscious withholding from, and the failure to disclose to, the United States Patent Office the facts of ITW's and Edwards' foreknowledge of the Continental Can Company thin-wall plastic cups;

2. the conscious withholding from, and the failure to disclose to, the United States District Court for the Northern District of Illinois and the United States Court of Appeals for the Seventh Circuit the fact of that same foreknowledge;

3. the relevance of that information to the patent-ability and enforceability of patents '360 and '213 enforced by one or more of said Courts in the two successfully-tried prosecutions which with the help of Dow promoted the acquiescence of a large portion of the industry in the validity and enforceability of said 1360 and '213 patents, as well as other ITW patents whose validity has never been challenged or adjudicated;

4. the conscious and persistent efforts of ITW to corral all of said patent infringement litigation not only into a single judicial district, but into the courtroom of that single judge;

5. its considerable efforts in New York and

Massachusetts to prevent adjudication of the validity, enforceability and infringement of said patents in any courtroom other than that of Judge Decker in the Northern District of Illinois, Seventh Circuit;

6. its failure to make known its connection with the said trial judge while presenting case after case on the same patents against different defendants in his courtroom;

7. its efforts thereby to foreclose Solo, plaintiff here (Defendant in Illinois), from receiving a fair trial free from the bias and pre-judgment of said district judge;

8. ITW has employed said patents '360 and '213 in an attempt to achieve, and it has achieved and seeks to enforce and to maintain, an illegal monopoly in the manufacture and sale of disposable thin-wall plastic drinking cups in contravention of the Patent Laws and of the Anti-Trust Laws of the United States by asserting said patents by action for patent infringement against Solo in the Northern District of Illinois, Eastern Division, as aforesaid.

Plaintiff, Solo, alleges that the aforesaid suit by ITW against Solo, in Illinois was brought in furtherance of its attempt to monopolize interstate commerce and as an exercise of its already-acquired monopoly power, and that said attempt and exercise have been continuous since March, 1969, the date of filing of said patent infringement action in Illinois.

By reason of the acts of ITW aforesaid, performed in furtherance of its violations of Sections 1 and 2 of the Sherman Act during the four years next preceding the filing of this Complaint, the plaintiff, Solo, has been damaged to date in the amount of approximately Three Hundred Thousand Dollars ($300,000.00). Moreover, the plaintiff, Solo, believes that it will be irreparably damaged if the defendant, ITW, is permitted to continue its attempt to monopolize and to exercise its monopoly power.

In the Prayer For Relief of the Complaint, the plaintiff, Solo, respectfully prayed (inter alia):

a) That an injunction be granted enjoining defendant from continuing to violate, or again violating Sections 1 and 2 of the Sherman Act;

b) that patents Nos. '213 and '360, which are the subject of the aforesaid suit in Illinois and which were obtained illegally as aforesaid, be declared invalid and void and unenforceable;

c) that the plaintiff be awarded Three Hundred Thousand Dollars ($300,000.00) as damages and that said sum be trebled as required by the Clayton Act, to Nine Hundred Dollars ($900,000.00);

d) that the plaintiff be awarded its litigation costs, including reasonable attorneys' fees as required by the Clayton Act;

e) that the Court grant plaintiff such other and further relief as the ends of justice require.

In Count II of the Complaint, plaintiff, for its second cause of action against the defendant, ITW, alleged in addition to the previous allegations, that the assertion of said patents '360 and '213 against this plaintiff in said patent infringement action in the Northern District of Illinois, Eastern Division, on account of the manufacture and sale of thin-wall disposable plastic cups, which has occurred in part in the State of California, and within this judicial district and division, is unfair competition.

On April 2, 1973, ITW filed its "Notice of Motion, and Motion to Dismiss Plaintiff's Complaint, or In the Alternative, For a Change of Venue and Transfer, or In the Alternative, To Stay This Action" (attached hereto as Exhibit "H"). On May 8, 1973, Solo filed its "Memorandum of Points and Authorities In Opposition to Defendant's Motions to Dismiss, Change Venue, and/or Stay" (attached hereto as Exhibit "F"). On June 7, 1973, ITW filed its "Reply Memorandum of Defendant In Support of Its Motion To Dismiss Or In The Alternative To Change Venue, Or In The Alternative To Stay" (attached hereto as Exhibit "E"). On June 11, 1973, a hearing on said motions was held before the Honorable Irving Hill, Judge presiding in the United States District Court, Central District of California, at which time the Court limited argument to the 28 U. S. C. Section 1404(a)[1] motion to transfer venue. (See

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1. 28 U. S. C. 1404(a) provides as follows:

"For the convenience of parties and witnesses, in the interest of justice, a district court may transfer any civil action to any other district where it might have been brought."

Exhibit "B" page 4, lines 18-20, attached hereto.)

Then, on June 25, 1973, the Hon. Irving Hill, Judge presiding in the United States District Court, Central District of California, filed the Order (see Exhibit "A" attached hereto) sought to be annulled in Part "A" of this petition for a Writ, including the Finding sought to be annulled in Part "B" of this petition for a Writ. Said Order granted Defendant's motion to transfer and placed off calendar the Defendant's motions to dismiss or stay the action. Immediately, the Petitioner herein filed its "Notice of Motion, and Motion for Reconsideration of Court's Ruling, and Objection To and Request For Amendment of Findings; Memorandum of Points and Authorities" (see Exhibit "D" attached hereto) which was summarily denied without a hearing in a Minute Order of June 25, 1973. (See Exhibit "C" attached hereto.)

II. THE ISSUES HEREIN PRESENTED ARE AS FOLLOWS:

A. WHETHER THE DISTRICT COURT CAN GRANT A DEFENDANT'S 28 U. S. C. §1404(a) CHANGE OF VENUE MOTION IN A CIVIL ANTI-TRUST ACTION WHERE UNCONTRADICTED FACTS ESTABLISH THAT VENUE IN THE PLAINTIFF'S CHOSEN TRANSFEROR FORUM IS ESSENTIAL TO THE PLAINTIFF'S PROSECUTION OF ITS CASE.

B. WHETHER THE DISTRICT COURT CAN, IN AN OPINION GRANTING A DEFENDANT'S 28 U. S. C. §1404(a) MOTION TO TRANSFER VENUE, ALSO MAKE A FINDING OF FACT

WHICH IS IRRELEVANT TO THE ISSUES INVOLVED IN THE 28 U. S. C. §1404(a) MOTION, AND WHICH IS BASED ON "EVIDENCE" NOT BEFORE THE COURT IN ANY MANNER OR FORM.

III. THE RELIEF SOUGHT BY THE PETITION IS:

A. ANNULMENT OF JUDGE IRVING HILL'S ORDER GRANTING DEFENDANT'S MOTION UNDER 28 U. S. C. §1404(a) TO TRANSFER PETITIONER'S CIVIL ANTITRUST ACTION TO NORTHERN DISTRICT OF ILLINOIS, AND,

B. ANNULMENT OF JUDGE IRVING HILL'S FINDING CONTAINED IN THE ORDER OF TRANSFER THAT "MOST, IF NOT ALL, OF THE SUBSTANTIVE ISSUES INVOLVED IN THE INSTANT ACTION HAVE ALREADY BEEN LITIGATED BY THE PARTIES IN THAT DISTRICT (MEANING THE NORTHERN DISTRICT OF ILLINOIS) IN ANOTHER ACTION, AND THAT THE INSTANT ACTION IS A PALPABLE ATTEMPT TO RELITIGATE SAID ISSUES IN A DIFFERENT FORUM, PLAINTIFF BEING DISSATISFIED WITH THE FORUM PREVIOUSLY EMPLOYED".

IV. THIS WRIT SHOULD BE ISSUED FOR THE FOLLOWING REASONS:

A. THE RESPONDENT U. S. DISTRICT COURT JUDGE GRANTED A CIVIL ANTITRUST DEFENDANT'S 28

U. S. C. SECTION 1404(a) CHANGE OF VENUE MOTION WHERE UNCONTRADICTED FACTS ESTABLISHED THAT HE DID NOT RESPECT OR APPLY THE STANDARDS OF THE STATUTE AS INTERPRETED BY ALL CASES DECIDED UNDER U. S. C. TITLE 28 AND TITLE 15.

1.

PLAINTIFF'S CHOICE OF FORUM AS WELL AS PLAINTIFF'S NEED FOR THAT CHOICE IN A CIVIL ANTITRUST ACTION MUST BE ACCORDED GREAT WEIGHT IN DETERMINING A 28 U. S. C. SECTION 1404(a) MOTION TO TRANSFER.

The plaintiff in this civil antitrust action established venue under the special venue provisions of Title 15 U. S. C. dealing with actions affecting commerce and trade. 15 U. S. C. §15 provides as follows:

> "Suits by persons injured; amount of recovery
> Any person who shall be injured in his business or property by reason of anything forbidden in the antitrust laws may sue therefor in any district court of the United States inthe district in which the defendant resides or its found or has an agent, without respect to the amount in controversy, and shall recover threefold the damages by him sustained, and the cost of suit, including a reasonable attorney's fee."

15 U. S. C. §22 provides as follows:

> "District in which to sue corporation
> Any suit, action, or proceeding under

> the antitrust laws against a corporation may be brought not only in the judicial district whereof it is an inhabitant, but also in any district wherein it may be found or transacts business; and all process in such cases may be served in the district of which it is an inhabitant, or wherever it may be found."

The venue standard contained in 15 U. S. C. §15 and §22 is to be distinguished from the general venue standard contained in Title 28 U. S. C. §1391(a) which provides as follows:

> "A corporation may be sued in any judicial district in which it is incorporated or licensed to do business or is doing business, and such judicial district shall be regarded as the residence of such corporation for venue purposes."

The Title 15 standard of "the district in which the defendant resides or is found or has an agent" requires less presence of the defendant than the Title 28 standard of "licensed to do business or is doing business".

In United States v. Scophony Corporation of America, et al., 333 U. S. 795 (1948), an antitrust defendant's claim of improper venue was rejected by resort to and interpretation of 15 U. S. C. §15. At page 808, the purpose of the 15 U. S. C. §15 general venue standard was stated in terms of the plaintiff's right to choose the forum, based upon its need to effectively prosecute the action.

> "Thereby it relieved persons injured through corporate violations of the antitrust laws from the often insuperable obstacle of resorting to distant forums

for redress of wrongs done in the places of their business or residence. A foreign corporation no longer could come to a district, perpetrate there the injuries outlawed, and then by retreating or even without retreating to its headquarters defeat or delay the retribution due."

In United States v. National City Lines, 334 U. S. 573 (1948), an antitrust defendant's claim of inappropriate forum -- i. e., forum non conveniens -- was rejected when the court concluded that an antitrust plaintiff's choice of forum was conclusive. At page 580, referring to the Scophony opinion, supra, the rationale for the conclusive effect of the antitrust plaintiff's choice was as follows:

"These conclusions concerning the section's intent and effect are altogether incosistent with any idea that the defendant corporation can defeat the plaintiff's choice of venue as given, by asking for and securing dismissal of the suit, either on the ground that the venue selected within the statutory limits is inconvenient for the defendant or that another authorized venue is more convenient for it. No such discretionary power had been exercised by any court during the twenty years of Sherman Act's application prior to the enactment of §12, under the narrower range of choice afforded by §7. None had been suggested, and uniform practice had established that the plaintiff's choice was conclusive, as was true later under §12 until the deviation in this case."

Of course, the dissent in U. S. v. National City Lines, Inc., et al., supra, 334 U. S. 573,

was vindicated the following year in United States v. National City Lines, Inc., et al., 337 U. S. 78 (1949). Title 28 U. S. C. §1404(a) became effective in the interim and the second National City case involved a §1404(a) motion rather than a forum non conveniens motion.

The majority in the second National City case, supra, rejected the plaintiff's contention that 28 U. S. C. §1404(a) applied only to civil actions the venue provisions of which are contained in U. S. C. Title 28. The majority opinion concluded that §1404(a) was available to an antitrust defendant provided that it could establish the need for the transfer.

The petitioner's point of law under Part I is based upon the proposition that the second National City case holding -- that Congress intended 28 U. S. C. §1404(a) to be available to the antitrust defendant -- did not constitute an abandonment of Scophony, supra, reliance upon the antitrust plaintiff's choice of forum. The second National City case, supra, holding was that the antitrust plaintiff's choice of forum is not conclusive in choice of venue, but a factor to be considered as part of the §1404(a) criteria. The weight to be accorded the antitrust plaintiff's choice is dependent upon the plaintiff's showing of the extent of its need for that forum in order to effectively prosecute its case.

A rule which accords weight to the antitrust plaintiff's choice of forum depending upon its established need for that forum in the effective prosecution of its case is, thus, not inconsistent with the majority holding of the second National City case. In addition, such a rule neutralizes the fears (expressed in the second National City case minority and concur-

ring opinions) that the venue provisions of the Sherman Act (15 U. S. C. §15) might be mutilated. (337 U. S. 84-85, 337 U. S. 72-74). Antitrust Transfer Act decisions made subsequent to the second National City case, supra, obviously employ a §1404(a) standard which gives conclusive effect to the plaintiff's choice of forum where the plaintiff established that the chosen forum was essential to the effective prosecution of its case.

Ferguson et al. v. Ford Motor Co., et al., 89 F. Supp. 45 (1950) (facts and opinion approved 340 U. S. 851), denied an antitrust defendant's motion under §1404(a). Although the Ferguson court recognized that the §1404 (a) Transfer Act was procedurally available to the antitrust defendant, it applied a test for application of the Transfer Act which gave primary importance to the plaintiff's choice, providing the choice was not abused; i. e. providing the plaintiff's chosen forum was genuinely necessary to the effective prosecution of its case.

The test as contained in the court's language at page 50 is:

> "Before proceeding to evaluate the facts in the light of these criteria, let me dispose of sundry points argued by the parties in their briefs. First, it remains the law that a movant for relief under §1404(a) must show a preponderant balance in his favor, for it is still only the exceptional case which merits relief under this section. The defendant's suggestion that it is my function to weigh the convenience of the parties and making a nice balance

award the suit to that district court which, of several forums, appears to be the most convenient, is rejected. Such a theory would create administrative difficulties entirely unjustified by any beneficial result, require a court to reach a conclusion which could not be reached with any degree of assurance and deprive a plaintiff of any certainty in its selection of venue. Since a defendant might often show that although one forum was not highly inconvenient, another was slightly more desirable, the venue provisions would become little more than provisions regulating the place of service of summons, and §1404(a) would substitute for a litigant's judgment and option as to place of suit, that of the court. Such a change was not contemplated by Congress when it enacted this section. . . .

Fourthly, weight must be given, in balancing the criteria listed, to the venue privilege afforded plaintiffs by the antitrust laws. An extended discussion of that privilege seems unnecessary, it sufficing to say that §1404(a) only purports to correct abuses of that privilege. It does not undermine the policies which motivated Congress to grant the privilege, nor does it deprive plaintiffs of an opportunity to prove their case in a place where proof is available. (Citations). Abuses of the special venue privilege may now be corrected by transferring under §1404(a), but it is clear that the privilege, if unabused, may still be invoked by a plaintiff."

The District Court Ferguson decision, supra, was affirmed in Ford Motor Co., et al. v. Ryan, 182 F. 2d 329 (1950) (Cert. denied 340 U. S. 851). Justice Frank also formulated a post second National City, supra, case rule which recognized the antitrust plaintiff's privilege to choose the most convenient forum.

At page 300, the apposite language is:

> "On that basis, these words found in Gulf Oil Corp. v. Gilbert, 330 U. S. 501, 508, 67 S. Ct. 839, 843, 91 L. Ed. 1055, still have full vitality: 'But unless the balance is strongly in favor of the defendant, the plaintiff's choice of forum should rarely be disturbed.' Those words we interpret to mean (a) that a defendant has the burden of making out a strong case for a transfer and (b) that the plaintiff's privilege, conferred by statute, of choosing the forum he selected is a factor to be considered as against the "convenience" as between "the parties".

Chief Justice L. Hand's concurring opinion in Ford Motor Co., et al v. Ryan, supra, also stated the same rule:

> "However, as I understood it, the privilege granted by §15 still counts in the scale; a defendant must do more than show that the transfer will on the whole make the trial more convenient; it must make the trial markedly more convenient."

In Polychrome Corp. v. Minnesota Mining & Manufacturing Co., 259 F. Supp. 330

(1960), the court weighed the convenience factors and determined that the antitrust defendant had shown that the §1404(a) transferee District Court was superior. At page 355, this conclusion was drawn:

> "What it comes down to is that it is more convenient for 3M to defend the action in Chicago and it is more convenient for Polychrome to prosecute the action here."

However, Polychrome, supra, denied the antitrust defendant's §1404(a) motion, stating:

> "Balancing the various factors it does not seem to me that 3M has made out the required "strong case for a transfer".

Pacific Car and Foundry Company v. Pence, 403 F. 2d 949 (1968), issued mandamus to vacate a District Court order denying an antitrust defendant's §1404(a) transfer motion. However, the rule providing for an antitrust plaintiff's privilege of choice of forum was in no way diluted by Pacific Car, supra, because the facts of that case reveal that the plaintiff's choice of forum was not supported by facts bearing on the need for the choice to support plaintiff's effective prosecution of the antitrust suit.

In fact, the plaintiff was not present in the chosen forum and did not even transact any business there. At page 953, the court concluded with regard to the plaintiff's showing of need for the chosen forum:

> "Further, it made no showing worth mentioning that its own convenience would be served by its choice of forum.

At page 955, the conclusion is restated:

> "We are left, then, with a choice of forum supported only by the fact that it was chosen. Such a choice cannot prevail under §1404(a) against the showing of inconvenience here made by the petitioner."

To the same effect the following cases granted an antitrust defendant's section 1404 (a) motion on the ground that the only reason supporting venue in the chosen forum was the choice itself. Triangle Industries, Inc. v. Kennecott Copper Corp., 325 F. Supp. 150 (1971), concluded at page 152:

> "With this in mind, this Court cannot find any real connection between this forum and the litigation."

Both United Consolidated Industries, Inc. v. General Motors Corp., 343 F. Supp. 476, 480 (1972) and Weinberger v. Retail Credit Company, 345 F. Supp. 165, 168 (1971) reach the same conclusion and, at the indicated pages, both cases cite the conclusion made by the Pacific Car, supra, at 955, "We are left, then, with a choice of forum supported only by the fact that it was chosen." Thus, these authorities are clearly inapposite to the case at bench.

Bayly Manufacturing Company v. Koracorp Industries, Inc., 298 F. Supp. 600 (1969), denied the antitrust defendant's §1404(a) transfer motion. At pages 602-603, the court formulated §1404(a) standards for antitrust cases which give primary emphasis to the plaintiff's choice, especially if the chosen forum is his residence.

"Among the factors considered in determining a motion to transfer venue are: The plaintiff's right to choose his forum; the convenience of the parties including potential disruption of their business; the convenience of the probable witnesses; the forum where the case can be most expeditiously tried; and the interests of justice, 'a term broad enough to cover the particular curcumstances of each case'.

"We recognize the rule that plaintiff's choice of forum in an antitrust action should not lightly be set aside, O'Neil Trucks Pty, Ltd. v. Pacific Car & Foundry Co., 278 F. Supp. 839 (D. Hawaii 1967), and that additional consideration is proper if plaintiff chooses the forum in which he resides."

In City of Philadelphis v. Emhart Corporation et al., 317 F. Supp. 1320 (1970), an antitrust defendant's §1404(a) transfer motion was denied in spite of the fact that many of the defendant's principal places of business were in the requested transferee District. The rationale pointed to the convenience of the plaintiff, and at page 1322 the court stated the rule relied upon by petitioner herein.

"It is well settled that great weight is to be accorded to plaintiff's choice of forum and that, in order to effect a transfer under §1404(a), the moving party has a heavy burden of showing a strong burden of inconvenience."

Beach v. National Football League, 331 F. Supp. 249 (1971), a recent denial of an antitrust defendant's §1404(a) transfer motion,

presents the strongest statement of the overriding significance of the plaintiff's choice of forum where that choice is supported by plaintiff's need to adequately prosecute its action. The Beach court recognized that defendant's proposed transferee District was the most convenient forum for the defendant, the witnesses and the records. However, noting that the claim was not local (as in petitioner's case at bench) the court concluded at page 251:

> "A mere showing of inconvenience to the defendants is not enough to warrant transfer where it would shift the expense and inconvenience to the other party. (Citation) That is particularly true in private antitrust suits."

Bagasian v. Gulf Oil Corporation, 337 F. Supp. 1230 (1972), denied an antitrust defendant's section 1404(a) transfer motion. Even though the defendant established that the transferee forum would be more convenient, the court, at page 1232, relied on the rule "[I]t is well settled that great weight is to be accorded to plaintiff's choice of forum, and that a transfer of venue is proper only when the defendant meets the heavy burden of showing a strong balance of inconvenience, (citations)".

2.

THE PLAINTIFF IN THIS CIVIL ANTITRUST ACTION ESTABLISHED BY UNCONTROVERTED EVIDENCE THAT VENUE IN ITS CHOSEN FORUM WAS ESSENTIAL TO THE PROPER HANDLING OF ITS CASE.

It is undisputed that the plaintiff's president and principal shareholder, Mr. Leo J. Hulseman, lives in the chosen transferor forum. It is

undisputed that the plaintiff's counsel, Rosenthal & Rhoads, a professional corporation, particularly Jerome B. Rosenthal, (petitioner's regular counsel, who was especially chosen as being in charge of this case) has its residence and office in the chosen transferor forum.

Dictum has appeared in §1404(a) antitrust transfer cases to the effect that "[t]he convenience of counsel, as opposed to the parties themselves or their witnesses, is not a factor in deciding a motion for a change of venue. Roller Bearing Company of America v. Bearings, Inc., 260 F. Supp. 639, 640 (E.D. Pa. 1966)." Triangle Industries, Inc. v. Kennecott Copper Corp., supra, 325 F. Supp. 150, 152 (1971). (Weinberger v. Retail Credit Company, supra, 345 F. Supp. 165, 168 (1972); United Consolidated Indus., Inc. v. General Motors Corp., supra, 343 F. Supp. 476, 480 (1972)) However, each of the cited cases which assert such a rule conclude that presence of counsel in plaintiff's chosen district was the plaintiff's only connection with that district. (See Part 1, supra.)

Solo, petitioner herein, submits that the presence of its counsel's office within the chosen forum is of crucial significance in the case at bench. When combined with the fact that Solo's president and policy maker for antitrust litigation, Leo J. Hulseman, lives in the chosen forum convenience of counsel becomes convenience of party as well. Also a principal factual basis for the charged antitrust violations is ITW's unclean hands in the transferee forum which charge makes the availability of counsel who is free from the influence of the transferee forum necessary to adequately prosecute the change. Also, the alleged violations upon which this action is based, thin-wall plastic cup sales,

have occurred in substantial part within the chosen transferor forum (see statement of facts upon which venue in the chosen forum is based, supra).

A principal but additional factual basis of the charged antitrust violations of this action involves ITW's unclean hands in its failure to disclose possible prior conflicting interests and its strategy of compounding that omission by corralling cases into the court where the conflicting interests existed, or the same court as to which the disclosure was not made. Therefore, the transfer order sought to be annulled by this application for a Writ of Mandamus, if it is allowed to stand, would preclude the plaintiff whom ever effectively presenting its meritorious case, to the detriment of the public interest against monopolies in restraint of trade.

3.

A §1404(a) TRANSFER ORDER IN A CIVIL ANTITRUST ACTION MUST BE ANNULLED BY MANDATE WHERE THE PLAINTIFF HAS ESTABLISHED THAT THE DISTRICT COURT DID NOT CONSIDER THE PROPER STANDARDS IN ISSUING THE ORDER OF TRANSFER.

The proper standards in determining a §1404 (a) transfer motion made by an antitrust defendant include the non-antitrust transfer act criteria of convenience of parties and witnesses (usually coexistent with "principal place of business"). Paramount to those standards, however, in the antitrust case, is the standard of interest of justice in vindicating the public's need to deter unlawful restraints of trade. Therefore, the most important standard in

determining a civil antitrust transfer act motion is providing the plaintiff with a convenient forum for effectively presenting plaintiff's case.

The learned trial court, Respondent herein, erroneously relied upon only the principal place of business and the convenience of the defendant and witnesses. This error is clear from the uncontroverted evidence of the residence of plaintiff's president, principal shareholder, and counsel, who filed the complaint and is handling the case, as well as from the nature of verified claims of the antitrust complaint itself (Exhibit "I"). That the court failed to test this §1404(a) transfer of an antitrust case by the most important applicable standard becomes all the more apparent from a review of the reporter's transcript of the oral proceedings (attached hereto as Exhibit "B") and from the findings contained inthe written order itself (attached hereto as Exhibit "A").

The District Court's failure to apply the proper antitrust action transfer standards is obvious from its questions at the hearing on the motion for transfer. When Solo was attempting to demonstrate its compelling need to lay venue in the Central District of California, the court asked:

> "Well, both parties are principally based in Chicago, are they not?" (RT 9: 15-16)

Later, the court continued erroneously to concentrate on the "principal place of business" standards applicable to actions which rely on the venue provisions of Title 28 U. S. C.

"Is it correct that both parties do not have their principal places of business in Chicago, the Northern District, but do have in Illinois?" (RT 14: 1-3)

Then in granting the transfer motion, the court announced the inaccurate findings which necessarily resulted from application of the wrong standards.

"The motion to transfer this action to the federal court in Chicago in the Northern District of Illinois under §1404(a) is granted. I find that the action could have been brought in that district; and that it is for the convenience of parties and witnesses, and in the interests of justice, that the action proceed in that district." (RT 17: 12-17)

The court next announced the irrelevant, gratuitous finding attached in Part B, infra, and went on to find:

"And, secondly, I would find that both parties are principally based in Illinois and that the connection of both with California is minimal by comparison." (RT 18: 1-3)

In its "Order Granting Motion To Transfer The Action and Placing Off Calendar Motions to Dismiss or Stay the Action" (attached hereto as Exhibit "A"), the court attempts to support the order of transfer with the following finding:

"The court further finds that both parties are principally based in Illinois and that by comparison with their connection of both parties with

California is minimal." (Exhibit "A", page 2, lines 8-11).

In the light of the interest of justice which requires, for the public interest, that the plaintiff be provided with a forum in which it can effectively present its case (Part 1, supra) the finding in question is wholly inadequate to support the transfer order.

With regard to the Court of Appeal's duty to annul transfer orders which fail to consider the proper standards, Justice Barnes stated in a writ proceeding from a §1404(a) transfer order in a Title 28 venue case:

> "It is not our function to substitute our judgment for that of the judge most familiar with the problem. At best, the judge must guess, and we should accept his guess unless it is too wild." Ford Motor Co. v. Ryan, 182 F. 2d 329, 331-32 (2d Circuit), cert. denied 340 U. S. 851, 71 S. Ct. 79, 95 L. Ed. 624 (1950). However, we can -- and must -- prevent injustice be demanding that trial judges respect the standards of the statute. (Kasey v. Melbdenum Corporation of America, 408 F. 2d 16, 20).

B. THE RESPONDENT U. S. DISTRICT COURT JUDGE MADE A FINDING IN HIS ORDER GRANTING THE DEFENDANT'S MOTION TO TRANSFER WHICH WAS IRRELEVANT TO THE ISSUES INVOLVED IN THE TRANSFER MOTION AND WHICH WAS BASED ON "EVIDENCE" UNDISPUTABLY NOT BEFORE THE COURT.

The written order in question (attached

hereto as Exhibit "A") is entitled "Order Granting Motion To Transfer The Action And Placing Off Calendar Motions To Dismiss Or Stay The Action". The First Order is that of Transfer, and the Second and Third Orders put the Motions To Dismiss Or Stay The Action Off Calendar.

The Order of Transfer contains two findings of fact which purport to support it. The second finding was referred to in Part "A", supra, and is the application of the limited standard of "principal place of business". The other finding purportedly made in support of the transfer order reads in its irrelevant portions as follows:

> "The court finds . . . . that most, if not all, of the substantive issues involved in the instant action have already been litigated by the parties in that District in another action, and that the instant action is a palpable attempt to relitigate said issues in a different forum previously employed." (Exhibit "A", page 1, line 31 - page 2, line 8)

In none of the authorities cited in Part "A", supra, on transfer of antitrust actions was there to be found the question of res judicata. The issue of res judicata was argued in this case in the briefs filed on the "Motion to Dismiss" made by this antitrust defendant; however, that motion was taken off calendar at the commencement of the oral proceedings on this motion, and was officially put off calendar in the second part of the order in question. (See Exhibit "A", #2, page 2, lines 12-15; Exhibit "B", page 4, lines 18-22).

The finding in question was not relevant to the order of transfer -- which it purports to support -- but rather to a "Motion to Dismiss"

which was put off calendar. The finding must, thus, be stricken as not relevant to the transfer order in which it is contained.

Not only is this finding irrelevant to the order of June 25, 1973, but it is unsupported by any evidence whatsoever. In order for a court to find that one action is simply an attempt to relitigate another action, the court must, first, have the clerk's records and reporter's transcripts of each action before it, or at least, that Court must have before it those transcripts and the record of the former action. In the instant situation, Judge Hill had none of this material before him, in any manner. It is, thus, undisputed that the court which made this finding did not have the complete court file of the Illinois patent infringement action before it, and had no reporter's transcript whatsoever. If the court below had seen the court files of both cases it could have easily determined that the antitrust action stands on its own, independent of the patent infringement action between the parties.

Respectfully submitted

SOLO CUP COMPANY,

by /s/ Donald Perry Rhoads
DONALD PERRY RHOADS
ROSENTHAL & RHOADS
A Professional Corporation

APPENDIX B

UNITED STATES DISTRICT COURT
Central District of California

Office of the Clerk
U. S. Courthouse Rm. G-8
Los Angeles, California 90012

Edward M. Kritzman
Clerk

Hume, Clement, Brinks,
Williams, Olds & Cook, Ltd.
One First National Plaza
Chicago, Illinois 60670

Jerome B. Rosenthal
250 N. Canon Dr.
Beverly Hills, Ca. 90210

Gibson, Dunn & Crutcher
515 S. Flower St.
Los Angeles, Ca. 90071

SOLO CUP CO. vs. ILLINOIS TOOL WORKS, INC.

Civil Case No. 73-185-IH

You are hereby notified that Order granting motion to transfer the action and placing off calendar motions to dismiss or stay the action in the above-entitled case, was entered in the docket on Jun 25, 1973 .
(Date)

You are also notified that if this case was tried and you introduced exhibits into evidence, they must be claimed at this office after the expiration of thirty days from the receipt of this notice (after sixty days in cases in which the United States, its officers, or agencies, are parties). Unless they are claimed within thirty days after the expiration of the above period, they

will be destroyed pursuant to Local Court Rule 20(a). If an appeal is taken they will, of course, be held until the Appellate Court finally determines the matter. Exhibits which are attached to a pleading will not be destroyed but will remain as a permanent record in the case file.

Edward M. Krtizman,
Clerk

Date of
Mailing Jun 26 1973 By /s/ Joe R. Flores
Joe R. Flores, Deputy
Clerk

☒ Copy Enclosed ☐ Copy Not Enclosed

Civ 27 2/72 NOTICE OF ENTRY OF JUDGMENT

ENTERED
JUN 25 1973
Clerk, U. S. District Court
Central District of California
By Deputy

FILED
JUN 25 1973
Clerk, U. S. District Court
Central District of California
By Deputy

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

SOLO CUP COMPANY, a corporation, Plaintiff, v. ILLINOIS TOOL WORKS, INC., a corporation, Defendant.	) NO. 73-185-IH)) ORDER GRANTING) MOTION TO TRANS-) FER THE ACTION) AND PLACING OFF) CALENDAR MOTIONS) TO DISMISS OR STAY THE ACTION

The motions of Defendant Illinois Tool Works, Inc., to transfer the action to the Northern District of Illinois, and to dismiss the action or stay it, came on for hearing before the undersigned on June 11, 1973. Appearances were: For Defendant, Gibson, Dunn & Crutcher and Hume, Clement, Brinks, Willian, Olds & Cook, Ltd., by Samuel O. Pruitt, Jr., Esq., and Granger Cook, Jr., Esq. For Plaintiff,

Jerome B. Rosenthal and Gerald Krupp,
by Jerome B. Rosenthal, Esq.

The Court having heard argument on said motions and having considered the various documents filed in support of and in opposition thereof, IT IS ORDERED AS FOLLOWS:

1. Defendant's motion to transfer the action to the United States District Court for the Northern District of Illinois is granted pursuant to 28 U. S. C. §1404(a). The Court finds that the action could have been brought in that District, that the transfer is for the convenience of parties and witnesses, and in the substantive issues involved in the instant have already been litigated by the parties in that District in another action, and that the instant action is a palpable attempt to relitigate said issues in a different forum, Plaintiff being dissatisfied with the forum previously employed. The Court further finds that both parties are principally based in Illinois and that by comparison with their connection with Illinois, the connection of both parties with California is minimal.

2. Defendant's motions to dismiss the action or to stay it are taken off calendar and may be reset by Defendant for hearing before the United States District Court for the Northern District of Illinois.

3. The Clerk is ordered to transmit a copy of this Order to counsel for both sides by United States mail.

DATED: June 22, 1973.

/s/ Irving Hill
IRVING HILL, Judge
United States District Court

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
CIVIL MINUTES - GENERAL

Case No. 73-185-IH Date 6/25/73
Title Solo Cup Company - v- Illinois Tool Works, Inc.

DOCKET ENTRY

Pltf's mtn for reconsideration of the Crt's ruling, filed 6/20/73 has been considered by the Court and the same is denied. No hrg necessary. Notice date of 7/23/73 for hrg is moot. (IH) Cyps to cnsl

PRESENT:

HON. IRVING HILL, JUDGE

C. R. Kinzey — Deputy Clerk
Non present — Court Reporter

ATTORNEYS PRESENT FOR PLAINTIFFS:

None present

ATTORNEYS RESENT FOR DEFENDANTS:

None present

PROCEEDINGS:

(In chambers)

Plaintiff's motion for reconsideration of the Court's ruling has been considered by the Court. No hearing is necessary.

IT IS ORDERED that the motion of plaintiff for reconsideration of the Court's ruling is denied.

Hearing noticed for 7/23/73 is vacated.

cc to: Jerome B. Rosenthal, Esq.
Dean Stern, Esq.

IN THE UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

- - -

HONORABLE IRVING HILL, JUDGE PRESIDING

- - -

SOLO CUP COMPANY, a corporation, Plaintiff, vs. ILLINOIS TOOL WORKS, INC., a corporation, Defendant.	)	Civil Action No. 73-185-IH

REPORTER'S TRANSCRIPT OF PROCEEDINGS

Place: Los Angeles, California
Date: Monday, June 11, 1973

DON P. CRAM
Official Reporter
440 U. S. Court House
312 North Spring Street
Los Angeles, California 90012
Telephone: 624-2928

APPEARANCES:

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JEROME B. ROSENTHAL

and

JOHN F. LANNERY,
Chicago Counsel

For the Defendant: GIBSON, DUNN &
CRUTCHER
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90071; by

SAMUEL O. PRUITT, JR.

and

HUME, CLEMENT,
BRINKS, WILLIAN,
OLDS & COOK. LTD.
One First National Plaza
Chicago, Illinois 60670; by

GRANGER COOK, JR.

LOS ANGELES, CALIFORNIA, MONDAY, JUNE 11, 1973, 10:00 A.M.

- - -

(Other court matters.)

THE CLERK: Item No. 6, Civil Case 73-185-IH, Solo Cup Company v. Illinois Tool Works, Inc.

Counsel, please make your appearances.

MR. PRUITT: Your Honor, may I present a preliminary matter? My name is Samuel Pruitt, Jr., counsel for defendant.

THE COURT: What kind of preliminary matter, Mr. Pruitt?

MR. PRUITT: I take the honor of presenting to your Honor Granger Cook, Jr., of the bar of the State of Illinois.

THE COURT: All right.

MR. PRUITT: And I testify that he possesses the necessary qualifications for admission to practice before this court for this case. A written motion is on file. And I so move.

THE COURT: All right. That would admit him pro hac vice for this proceeding --

MR. PRUITT: Thank you, your Honor.

THE COURT: -- and that is so ordered.

Which one of you gentlemen wishes to be heard in this matter?

MR. PRUITT: Mr. Cook.

MR. COOK: I do, your Honor.

THE COURT: All right. Now, will you announce your appearances on the other side, please.

MR. ROSENTHAL: Yes. My name is Jerome B. Rosenthal, appearing for the plaintiff in the action and respondent on the motions. And I would also, if the court please, preliminarily, but for a less formal purpose, like to merely introduce as an accommodation and a courtesy Mr. John Lannery of Chicago, who represents the Solo Cup Company in the action pending there, with which this action is related and with which it is concerned, as your Honor knows.

THE COURT: Very well.

MR. ROSENTHAL: I thought conceivably the presence of Mr. Lannary, your Honor, might be of some assistance to the court or to counsel.

THE COURT: Very well.

Now, we have two motions on this morning, and I want to take the motion up first to transfer the case under 1404(a) to the Chicago court. I have read the documents. I am familiar with the contentions made. My tentative view is that that motion should be granted. And I will hear the plaintiff first.

How much time will you need, Mr. Rosenthal?

MR. ROSENTHAL: Only on that one issue, your Honor?

THE COURT: Yes. On the motion to transfer.

Well, we will give you ten minutes.

MR. ROSENTHAL: Whatever your Honor says is generally acceptable to me. Ten or fifteen minutes.

THE COURT: Ten is the court's limitation.

MR. ROSENTHAL: All right.

Your Honor, I belive that it is difficult at the inception to separate from the other aspects, or the other alternative motions, that is to say, to dismiss and to stay, it is exceedingly difficult to separate properly or efficiently or effectively the motion to transfer on its own. That is true primarily because if indeed we have here before us a sincere effort on the part of Solo Cup Company, the plaintiff here, to separately litigate

a matter in which its complaint is predicated upon the Sherman and the Clayton Acts, the scope and the sources and the burdens related to the choice of the plaintiff's venues are an entirely different set of rules; and for that reason I respectfully -- a different set of rules, I should say, than those that would obtain if the ordinary application of 1404(a) were to be concerned.

For example, I believe it's Section 12 of the Clayton Act which gives broader scope and greater emphasis to the importance of the selection of plaintiff as to the forum and venue than is normally the case in an ordinary situation, where there are three determinants -- that is to say, convenience of the parties, convenience of the witnesses, and the interest of justice.

Now, in addition to that obvious fact, that is to say, to me -- I guess that's a contention and conclusion, of course, rather than a fact. That is, that it is difficult, if not logically, prohibitory to exclude or separate or isolate the question on the merits of the other two elements of the motion.

In addition to that, your Honor, we have cited in our documents -- which I am sure your Honor has read and, therefore, won't repeat -- authorities for which there is no response in the reply, to the proposition that among the three tests that are determinative of whether the motion to transfer or change venue should be granted or denied, the one that should be accorded the

greatest weight is the interest of justice.

Now, viewing your Honor's indication, from that viewpoint alone we have a most unique situation in which it appears that a combination of circumstances, in addition to the Section 12 aspects of the Clayton Act, and in addition to the matters that were pointed out in Mr. Lannery's affidavit, which effectively attacks, without any response in the reply, the purported validity of the contentions of Mr. Beard on the convenience element.

We have in addition to that, your Honor, this very peculiar set of circumstances, which I will only summarize because again these circumstances are touched upon in the main documents, we have here a plaintiff in Illinois which purports to be a patentee and brings an action -- I may get the years off, your Honor. I don't have exact recall on the precise time. But I do know each case in relation to the other --

THE COURT: Well, you laid out all that litigation --

MR. ROSENTHAL: Yes.

THE COURT: -- that was before the litigation between these parties, and the litigation between these parties, rather fully in the papers.

MR. ROSENTHAL: I have not, I don't believe, adequately stressed, your Honor, these elements. I don't know if I adequately stressed them, or not.

First, your Honor, the action was brought by ITW, the defendant here and the plaintiff there, the patentee in question, against Continental Can -- not in any way in privity with the parties here, with Solo Cup, the plaintiff here. That case was assigned by chance to a Judge Decker, Bernard Decker. Later another second action was brought against Maryland Plastics, or Sweetheart, as it is sometimes called.

After a certain development -- which I won't particularize just in the interest of time -- in the history of the pendency of those two cases, six, I believe, actions were filed against six different defendants in the Illinois action by the same plaintiff. They all were assigned to Judge Decker by reason of a rule which I fear is sometimes confused and sometime changes as to meaning. That's a rule of that particular district known as the "related case rule." And both parties before the court today have a different viewpoint of the meaning of that rule.

THE COURT: Well, you don't want me to attempt to construe that court's rule, do you?

MR. ROSENTHAL: I think so, your Honor. I think your Honor might want to. Especially in an instance in which the construction of the rule is indispensable in the interest of justice; because if it is misquoted by one side and quoted correctly by the other, it's obvious that the case that is before your Honor --

THE COURT: I must stop you, Mr. Rosenthal. I am going to have to take a recess now, and it will be about fifteen minutes. We are swearing in a new magistrate up in the Chief Judge's chambers, and I am chairman of the committee and am obligated to be there; although not to stay for the entire ceremony.

You have only used about three or four minutes of your time.

We will resume again after recess.

MR. ROSENTHAL: Thank you, your Honor.

(Short recess.)

THE COURT: All right, Mr. Rosenthal.

MR. ROSENTHAL: Thank you, your Honor.

On the subject of the convenience, combined subjects of the convenience of the parties and witnesses, your Honor, I would like to point out that our adversary's moving papers are concerned, understandably but selfishly, only with the convenience of their ownselves and their own witnesses without any reference to the convenience of Solo Cup's. I don't want to repeat --

THE COURT: Well, both parties are principally based in Chicago, are they not?

MR. ROSENTHAL: No, your Honor; especially for the purposes in question. I was

just about to come to that. That may have been true some time ago.

Solo Cup Company, your Honor, is primarily and entirely -- its main offices, in blunt English, its main plant, and everything that has to do with main or home office, your Honor, is in Urbana, Illinois -- not Chicago. That may be significant because if, indeed, the interests of justice are not enough to keep this case in this court in California for the reasons stated in the papers before your Honor -- and which I would like to avoid repeating -- it certainly doesn't belong for any convenience for anybody in the Northern District of Illinois -- especially in the light of the interests of justice.

Urbana, Illinois, as your Honor may know, is located in the Eastern District of Illinois; the district court for which is in Danville, Illinois -- not Chicago.

Now, the most obvious reason, your Honor, without mincing words, apart from those I have already mentioned, why Solo doesn't want to stay in Chicago is because it feels it can't get a fair trial in Chicago, for reasons that are stated in the memorandum.

In addition to those reasons, your Honor, I would like to make this clear, if at all possible: It would be no convenience in the interest of the expediency or the administration of justice to transfer this back to Chicago, or the Northern District, because even if that were done, under

the there existing court rules, the case would not be reassigned -- this case would not be assigned to Judge Austin, who just finished the trial on the patent suit. It would not be assigned to him under local rules -- and I don't think these parties are in disagreement, the Chicago experts, on that point at all -- but rather to another judge. That is because of the operation of Rule 10(b)(7) -- and there is no disagreement about that, I don't believe, or I never heard any discord on that -- which is to the effect that if there are two pending cases, having been assigned to the same judge, or potentially assigned to the same judge, and that judge, as in here, to illustrate specifically, is Judge Austin again, this case could not be tried by Judge Austin for the very reason --

THE COURT: Assume that arguendo; are you saying that nevertheless you could not get a fair trial of this case before any judge in that district and, therefore, that is a positive reason for me to deny the motion to transfer?

MR. ROSENTHAL: Yes, your Honor. I am saying that, as well as saying that the convenience of the administration of justice will not be served. And what will be the benefits that will be conferred? What are the benefits to anybody that will accrue to your Honor's order, or indicated order, to grant it?

The witnesses, according to Mr. Lannery's affidavit -- the witnesses on two occasions that

Mr. Beard, ITW's counsel, has stated he would use, he doesn't use. The witnesses that are likely to be those which are needed or used in the action pending here in this court would weigh the balance in favor of keeping the case in this court. And certainly the convenience or inconvenience of trial counsel or experts or patent counsel have nothing to do with the convenience question; and the authorities for that are cited in our memorandum.

There is another possible reason, your Honor -- maybe it's a little subtle and I may not be able to handle it adequately in the time allotted by your Honor, but I will try. We have an issue here, and the line of authority is also cited in the memoranda, to the effect that where there is a possibility of similarity but not necessarily sameness, or mutually and reciprocally exclusive sameness inherent in the pendency of two different cases, if one of them is a case in which a litigant is entitled to a jury trial, that case should go first. Because the effect of decisions or findings of fact on the non-jury case might be to deprive the litigant entitled to the jury trial of that very right.

Now, we have that situation here, your Honor, in response to the question that your Honor quite, I admit, appropriately put when your Honor asked whether I am saying that if Solo went back to another judge besides Judge Austin, why couldn't it get a fair trial in Chicago, let alone Danville -- assuming it doesn't go to Danville, just arguendo. And for this reason, your Honor, I don't know if

I have the right to claim any more expertise than any other lawyer of my years of experience at the bar, but I know that judges know each other when they sit on the same bench in the same city on the same court level. And I don't mean to imply anything improper except their colleagues are human beings and honorable men.

I also know, however, that Solo Cup's effort to get a jury trial in the patent case here has met with failure on a very doubtful ground, which might give rise, should Solo lose the case now under consideration by Judge Austin in the Illinois court, to a reason for appeal.

THE COURT: I am going to ask you now to finish up in a minute, please.

MR. ROSENTHAL: All right. If Solo loses its right to jury trial in Chicago, because of the predisposition of the judge who said twice it could not have a jury trial, in the instant case, the case for unfair competition, and for violation of the Sherman and Clayton Acts -- which I would like to point out to your Honor is a case which, if all of the allegations that are those issues in common with the Illinois case, if they were stripped from the California pleading, it would still leave a viable cause of action here in California, with its venue fixed here.

Thank you, your Honor.

THE COURT: Very well. We will hear from the other side, again only on the matter

of the motion to transfer.

Is it correct that both parties do not have their principal places of business in Chicago, the Northern District, but do have in Illinois?

MR. COOK: I think that is correct. With respect --

THE COURT: One has its principal place of business in the Eastern District, is that right?

MR. COOK: Well, as apparently counsel indicated, that may be a recent event. I think they did indicate that in the memorandum attached to their opposing memorandum.

THE COURT: But orignally both were Chicago-based?

MR. COOK: Yes, sir. And it is quite clear that the m anufacturing operations continue in the Chicago area. The brand new plastics plant out of which this lawsuit is evolved is in Highland Park, which is a suburb of Chicago, in the Northern District. ITW is a Chicago-oriented company. It has a substantial amount of its activities in the Chicago area. And it has, quite clearly, the Division that makes the plastic products in question in another suburban area of Chicago.

So I think that it's quite clear that the opposing memorandum and comments that have been made today conclude two things, at least

in my judgment: Chicago is the most convenient forum in which to try this action. And, secondly, there really is no convenience in trying this case in California. I think that is clear from a failure to make such a reference in the comments of opposing counsel just a moment ago.

Counsel also alleges that in his judgment the interest of justice provision of 1404(a) was of paramount concern. He alludes to the earlier lawsuits that were filed by ITW in the Chicago court. That was clearly done because of some difficulties that ITW had with reference to the Sweetheart people. During the course of negotiations, with the objective of avoiding litigation, Sweetheart quite unexpectedly filed a declaratory judgment action in New York. This caused extra expense, extra time for ITW. At that time ITW had no ability to communicate with anybody, because as soon as they did, they would be vulnerable to a declaratory judgment action in, God knows, how many jurisdictions of the United States. The only reasonable alternative, your Honor, was to file a series of cases in Illinois -- which we did. Most of them have been settled, with the exception of the Solo Cup Company case and the Foster Grant case, which is going to trial next month.

Now, there was a statement about the assignment, if transferred to Chicago. There is a local rule that does provide for assignment to a court based on a related case; but I think there are four or five other items --

THE COURT: Well, let me say that I have no disposition to attempt to construe the local court rules of another court.

Is it not true, Mr. Cook, that most, if not all, of the issues that are involved in the instant case have been litigated in the Northern District?

MR. COOK: That is correct. Essentially every one of the fact issues that were asserted as a basis for a patent misuse defense, or a basis for their declaratory judgment, counterclaims have in fact been reasserted in the complaint filed in the present case.

I submit that if, in fact, there is a judgment favorable to ITW, that that judgment will be dispositive of all the fact issues raised. Contrary to what counsel suggests, I can't imagine there being anything left in the present complaint in California if the judgment is adverse to Solo in the Chicago case.

THE COURT: All right. There is no need to argue the matter further.

MR. COOK: Just a point of information, your Honor.

THE COURT: Very well. Briefly.

MR. COOK: With respect to the related case rule, I think it technically is correct that the case would not automatically be assigned to any judge. It technically is now, contrary to

previous practice, initially assigned to the executive committee for reassignment to the appropriate judge.

THE COURT: All right. If you will be seated, please. You may wish to take some notes.

MR. ROSENTHAL: Your Honor, may I make one corrective statement?

THE COURT: No.

MR. ROSENTHAL: No argument, your Honor.

THE COURT: No further statements will be required.

The motion to transfer this action to the federal court in Chicago in the Northern District of Illinois under 1404(a) is granted. I find that the action could have been brought in that district; and that it is for the convenience of parties and witnesses, and in the interests of justice, that the action proceed in that district.

I might observe -- and if you feel that I should make a finding on this, sir, I will make it, and do make it -- and I address you, Mr. Cook -- that most, if not all, of the substantive issues involved in this case have been litigated in that district, and this is a palpable attempt to relitigate them in a different and other venue; plaintiff here being dissatisfied with the venue in which that litigation has taken place.

And, secondly, I would find that both parties are principally based in Illinois, and that the connection of both with California is minimal by comparison.

Now, would you be good enough, Mr. Cook, to prepare the proposed order, and perhaps local counsel will help you get it out before you leave so it can be served by Wednesday on Mr. Rosenthal. And he will have five days within which to object to its form -- so as not to change the result, but as to its form.

And this order should provide that the motion to dismiss -- and I think there is a motion to stay, is there not?

MR. COOK: Three of them, your Honor.

THE COURT: Yes. Those motions are off calendar; to be reset by the defendant when the case reaches the Northern District of Illinois; it being in the interest of justice that the trial judge decide such motions.

Very well, gentlemen. Court is adjourned.

- - -

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UNITED STATES DISTRICT COURT

CENTRAL DISTRICT OF CALIFORNIA

SOLO CUP COMPANY, a corporation, Plaintiff, v. ILLINOIS TOOL WORKS, INC., a corporation, Defendant.	) Civil Action No.) 73-185-IH) NOTICE OF MOTION,) AND MOTION FOR) RECONSIDERATION) OF COURT'S RULING,) AND OBJECTION TO) AND REQUEST FOR) AMENDMENT OF) FINDINGS: MEMO-) RANDUM OF POINTS) AND AUTHORITIES.

TO THE PARTIES HERETO AND TO THEIR ATTORNEYS OF RECORD:

YOU AND EACH OF YOU WILL PLEASE TAKE NOTICE that Plaintiff SOLO CUP COMPANY will move this Court, in the Courtroom of the Honorable Irving Hill, located at the United States Court House at 312 North Spring Street, Los Angeles, California, on the 23rd day of July, 1973, at the hour of 10:00 A.M., or as soon thereafter as counsel may be heard, for the Court's reconsideration of a Motion made by Defendant and of the

Court's Order or proposed Order granting defendant's said Motion (for transfer); and for an Order denying said Motion of Defendant (for transfer); and for an Order denying said Motion of Defendant to transfer this cause.

Further, Plaintiff will move the Court to amend or delete its Finding, to which Plaintiff hereby objects.

MOTION

Plaintiff SOLO CUP COMPANY by and through its attorneys of record, hereby move this Honorable Court:

1. To reconsider the ruling of this Court stated in open court on June 11, 1973, and the proposed Order based thereon, which ruling and Order in effect granted the Motion of the Defendant ILLINOIS TOOL WORKS, INC. to change venue and to transfer this action to the United States District Court for the Northern District of Illinois; and

2. For a deletion and withdrawal, or an amendment of the Court's Finding . . . "that most, if not all, of the substantive issues involved in this case have been litigated in that District (meaning Chicago Court, U. S. D. C.), and this is a palpable attempt to relitigate them in a different and other venue; . . ." (insert added, excerpt from Reporter's Transcript of proceedings, June 11, 1973, page 17, lines 20 through 23, Exhibit "A" attached hereto, page 30 hereof.

MOTION TO RECONSIDER

The Motion to Reconsider is made upon the following grounds:

(a) That the Court imposed upon Plaintiff's counsel a limitation, precluding counsel from arguing, presenting or discussing aspects of the case, except as to the portion for Change of Venue, Transfer, which was but one of the three motions pending;

(b) That the Court, notwithstanding the limitation imposed on Plaintiff's counsel as stated immediately above in subparagraph (a), asked questions of Defendant's (ITW - moving party) counsel, and permitted counsel to make statements of fact or purported facts to the court on the subject matter of the other two motions pending, i. e. the Motion to Dismiss, and the Motion to alternatively Stay.

(c) The Plaintiff's counsel, who requested of the court an opportunity to answer statements made by Defendant's counsel, as referred to in subparagraph (b) immediately above, was denied by the court the opportunity to do so.

(d) That if the facts which were thus not shown were to be now presented to the court, such facts would have material bearing on the question of the merit of Defendant's position with respect to its Motion to Transfer.

OBJECTION TO THE COURT'S FINDINGS OF FACT

The objection to the court's Finding of Fact, and the request for the court's deletion of the Finding is made upon the ground that there was no evidence whatsoever before the court upon which the court could rest its Finding "that most, if not all of the substantive issues involved in this case had been litigated in that District (referring to the Chicago Court, the United States District for the Northern

District of Illinois), and this is a palpable attempt to relitigate them in a different and other venue; . . ."; and

Upon the further ground that there was no Reporter's Transcript of the trial in Chicago, before this Honorable Court, upon which this Honorable Court could base its said Finding;

And upon the further ground that a comparison of the pleadings in the Chicago case, with the pleadings in the California case, both of which said pleadings were before this Honorable Court, make it abundantly clear that the pleadings themselves relate to two entirely distinct and separate actions or causes of action.

The Motion and Objections will be based on this Notice of Motion and Motion, together with a Memorandum of Points and Authorities in support hereto, filed concurrently herewith, and the other papers, documents and pleadings contained within the Court's file herein.

NEW AND EXPLANATORY MATTER TO BE PLACED BEFORE THE COURT

(a) The sales transactions of Plaintiff Solo Cup are substantial, important and determinative "contracts" in and with California, to a greater degree than in Chicago area. For the fiscal year from April 1, 1972 through March 31, 1973, the plastic cup sales (articles or products which are the subject matter of the alleged antitrust and restraint of trade, unfair competition violations) were greater in the San Francisco and Los Angeles regions, than they were in the region of Chicago and its environs. Plaintiff Solo Cup Company divides United States into six main regions or areas, and the seventh

consists of the remainder of the United States. In the indicated fiscal year, Solo Cup's sales were highest in the New York City area, and next highest or (second in the United States) were in the San Francisco and Los Angeles areas. Chicago and its environs was in fourth position, and constituted or comprised less than 15% of the total sales of Solo Cup (plastic cup sales) in the six main marketing regions or areas, and substantially less than 15% of the United States total sales of Solo Cup, plastic cups.

(b) Further, Plaintiff has permanent installations in California consisting of:

(i) warehouse, Los Angeles - servicing and shipping Los Angeles area sales,

(ii) San Lorenzo warehouse - servicing and shipping San Francisco sales,

(iii) Santa Paula installation - pilot operation, and transitional warehouse facility;

(c) The personnel, permanent and direct, employed by Solo Cup in California only, in selling, i. e. sales representatives consist of four in San Francisco, five in Los Angeles, and one broker. In addition, there is servicing personnel and administrative personnel in each of Solo Cup's installations as referred to above.

(c) Defendant Illinois Tool Works has a plastic manufacturing plant in the Los Angeles area, which serves the Los Angeles or local market; in addition, as Defendant's own pleadings in this matter indicate, Defendant has

admittedly small but nevertheless permanent electronic facilities in Santa Fe Springs, and in La Jolla, both in California.

(d) Moreover, it appears from facts presented by the Defendant Illinois Tool Works itself, that the Defendant Illinois Tool Works and its licensees generate or make sales of some One Hundred Million (100, 000, 000) units or plastic cups and containers, in the State of California, annually. This figure was derived by averaging out over thirteen years the domestic (as distinguished from foreign) sales of ITW and its domestic licensees in the United States over a thirteen-year period.

Further, it appears from the following excerpts of Exhibit "A"(the Reporter's Transcript of June 11, 1973 hearing on Defendant's Motions) that new matter would have been placed before the court had Plaintiff's counsel been permitted to respond to statements made by opposing counsel (for Defendant).

On page 16 of Exhibit "A" (Page 29 hereof, the following colloquy took place, commencing at line 4:

> "Is it not true, Mr. Cook, that most, if not all, of the issues that are involved in the instant case have been litigated in the Northern District?
>
> "MR. COOK: That is correct. Essentially every one of the fact issues that were asserted as a basis for a patent misuse defense, or a basis for their declaratory judgment, counterclaims have in fact been reasserted in the complaint filed in the present case.

"I submit that if, in fact, there is a judgment favorable to ITW, that that judgment will be dispositive of all the fact issues raised. Contrary to what counsel suggests, I can't imagine there being anything left in the present complaint in California if the judgment is adverse to Solo in the Chicago case."

As a matter of fact, as previously noted above, there was not in any way before this Court, the Reporter's Transcript of the Illinois proceedings or trial. Had Plaintiff's counsel been permitted to retort or to reply to Mr. Cook's statement, the replies would have been in disagreement. Leaving aside the question of the absence of the Chicago trial Reporter's transcript, the following paragraphs or allegations are contained in the California Complaint but are nowhere contained in the Illinois Complaint, a disparate fact which was not pointed out to the court for reasons stated above, at the June 11, 1973 hearing: (References are to Paragraphs of the Complaint in the instant action)

1. Action arising under Sections 1 and 2, Sherman Act, and under Sections 4 and 16 of Clayton Act; jurisdiction and venue 28 U. S. C. §1337, §12 Clayton Act.

2. Plaintiff, Delaware Corporation, has places of business at Santa Paula and Los Angeles, California, is engaged inter alia making, selling pastic cups.

3. Defendant (ITW) transacts business in Central District of California and has a place of business at Santa Fe Springs, California; is engaged inter alia in making and selling plastic

4. Defendant ITW and Plaintiff SOLO compete in manufacture, sale, in inter-state commerce of plastic cups, which are subjects of herein-alleged conspiracy, monopolizing, and attempt to monopolize; market defined; cup use defined, disposable.

5. Defendant ITW one of largest manufacturers of such cups for vending use in United States, and through its licensees, controls the market for subject type (disposable plastic cups), institutional and consumer use.

6. Plaintiff SOLO estimates yearly U. S. A. sales of such plastic cups at more than $50,000,000, at wholesale value; Defendant ITW and its licensees make about 90% of such sales.

7. Starting 1956, Defendant ITW monopolized and attempted to monopolize inter-state trade in making and selling subject cups, violating §2, Sherman Act.

8. Starting 1960, Defendant ITW and Dow Chemical Company continuously engaged to date in conspiracy to restrain and monopolize inter-state commerce (subject cups) and achieve monopoly, violating §§1 and 2, Sherman Act.

24. (page 11, lines 26-31). Defendant ITW itself and with willing and reluctant licensees of Defendant now controls 90% of market in subject cups, upon information and belief

30. Aubust 11, 1972, SOLO (Defendant in Illinois case) sought transfer to Kansas City, i. e. out of Seventh Circuit and away from its "persuasive new evidence rule."

31. Due to pleaded facts, commencing with (a) conscious withholding and failure to disclose - from and to U. S. Patent Office, facts of ITW and Edwards' knowledge (beforehand) of Continental Cups; (b) withholding from and failure to disclose to U. S. District Court (Illinois) the fact of same foreknowledge as in (a) above; (c) the relevance of that information to patentability and enforceability by one or more courts in two successfully tried prosecutions, which promoted acquiesence of large portion of industry in validity, enforceability of two Edwards' patents as well as other ITW patents whose validity has never been challenged or adjudicated; (d) conscious, persistent efforts of ITW to corral all said patent infringement litigations into a single judicial district and specifically into the courtroom of specific Judge; (e) its considerable efforts (New York and Massachusetts) to prevent adjudication of validity, enforceability, and infringement in any courtroom other than that of Judge Decker, Northern District, Illinois, Seventh Circuit; (f) its failure to make known its connection with said trial Judge while presenting case after case on the same patents against different Defendants in his courtroom; (g) its efforts thereby to foreclose SOLO from receiving a fair trial free from bias and prejudgment of said District Judge; its employment of two patents in a successful effort to achieve and in seeking to enforce and maintain an illegal monopoly in manufacture, sale of subject cups, violating patent laws and anti-trust laws by asserting said patents in infringement action against SOLO in Northern District of Illinois, Eastern Division.

32. That ITW in suit against SOLO in Illinois, furthered its attempt to monopolize inter-state commerce, and exercised its

already-acquired monopoly power; such furthering and exercise continuous since March 1969, date of filing infringement action in Illinois.

33. Due to Defendant's acts in violation of Sections 1 and 2 of Sherman Act during four years preceding filing this Complaint, Plaintiff SOLO damaged to date approximately $300,000.00; SOLO believes will be irreparably damaged if ITW permitted to continue to attempt to and to exercise its monopoly power; SOLO's legal remedies inadequate because application of "law of the circuit doctrine" would manifest injustice because of acts and omissions of ITW in failing to disclose to parties its connection with Judge Decker, and because of failure to disclose prior art to Patent Office and to Courts; above aggravated in inadequacy of legal remedy and potentially irreparable harm in Hon. Judge Decker's denial of SOLO's right to a jury trial.

34. (Partial) Assertions of patents against SOLO to the extent of its manufacture and sale of subject cups in the State of California, within Central District, is unfair competition.

35. Jurisdiction of this unfair competition count predicated upon title 28 U.S.C. §1338(b), and 15 U.S.C. §§1126(h) and 1126(i), as interpreted Ninth Circuit, Staufer v. Exley, 184 F.2d 962 (9Cir., 1950).

PRAYER, partial, Par. 33
- Injunction against Defendant continued violation §§1 and 2 of Sherman Act;

- Damages direct $300,000.00;
- Trebled to $900,000.00 (Clayton Act);
- Costs and attorneys' fees required by Clayton;
- Further relief, ends of justice.

Further, had counsel been permitted to do so, Plaintiff would have pointed out to the Court that although there are some allegations and issues of similarity between the Illinois and the California Courts cases, the issues material and substantial to the California action are separate from, and were not in fact litigated in the Chicago trial.

Hence, by precluding the presentation of the indicated additional facts, or contradictory facts, the Court on June 11, 1973 was led to a conclusion unsupported by the record before the Court, or by the pleadings in question, or by the facts which were not then before the Court. For example, Mr. Cook again, in response to the question posed by the Court, page 16 of Exhibit "A", which is page 29 hereof, asking whether it is not true that "most, if not all, of the issues that are involved in the instant case have been litigated in the Northern District?", (Mr. Cook) replied "That is correct. Essentially every one of the fact issues that were asserted as a basis for a patent misuse defense, or a basis for their declaratory judgment, counterclaims have in fact been reasserted in the Complaint filed in the present case." (Exhibit "A", page 16 thereof, page 29 hereof, lines 7 through 11).

Although it may be true that there are many same or similar issues of facts in the two

cases, by no means does that over-simplified conclusion preclude the possibility of a separate recovery in California, notwithstanding the outcome of the Chicago case.

DATED: June 20, 1973.

Respectfully submitted,

JEROME B. ROSENTHAL/
GERALD KRUPP

By Jerome B. Rosenthal

Attorneys for Plaintiff
SOLO CUP COMPANY

MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT OF MOTION UNDER RULE 60 (b) OF FEDERAL RULES OF CIVIL PROCEDURE: ALSO UNDER RULE 53 (b).

I

IN ANTITRUST CASES PLAINTIFF IS GIVEN A WIDE CHOICE OF FORUM PROVIDED THAT THE DEFENDANT TRANSACTS BUSINESS WITHIN THE FORUM CHOSEN BY THE PLAINTIFF.

15 U. S. C. A. Section 22:
"Any suit, action, or proceeding under the antitrust laws against a corporation may be brought not only in the judicial district whereof it is an inhabitant, but also in any district wherein it may be found or transacts business; and all process in such cases may be served in the district of which it is an inhabitant, or wherever it may be found." See also, Sharp v. Commercial Solvents Corp., 232 F. Supp 323 at 327.

II

BOTH DEFENDANT'S AND PLAINTIFF'S BUSINESS TRANSACTIONS WITHIN THE FORUM ARE CRUCIAL IN VENUE DETERMINATION.

Pacific Car and Foundry Company v. Pence, 403 F. 2d 949, at page 954:
"In judging the weight to be given such a choice, as is the case with other types of actions, consideration

must be given to the extent both of the defendant's business contacts with the chosen forum and of the plaintiff's contacts, including those relating to his cause of action."

III

VENUE AS TO EACH DEFENDANT IN AN ANTITRUST ACTION SHOULD BE INDIVIDUALLY ESTABLISHED BY BUSINESS TRANSACTIONS.

Philadelphia Housing Authority v. American Radiator and Standard Sanitary Corp., 291 F. Supp. 252.
See also, Courtesy Chevrolet Inc. v. Tennessee Walking Horse Breeders' and Exhibitors' Ass'n. of America, 344 F. 2d 860
See also, Phillip Gall and Son v. Garcia Corp., 340 F. Supp. 1255.

IV

FINDINGS OF FACT MADE BY THE COURT MUST BE SUPPORTED BY SUBSTANTIAL EVIDENCE.

Rule 52(b) of Federal Rules of Civil Procedure
"AMENDMENT. Upon motion of a party made not later that 10 days after entry of judgment the court may amend its findings or make additional findings and may amend the judgment accordingly. The motion may be made with a motion for a new trial pursuant to Rule 59.

When findings of fact are made in actions tried by the court without a jury, the question of the sufficiency of the evidence to support the findings may thereafter be raised whether or not the party raising the question has made in the district court an objection to such findings or has made a motion to amend them or a motion for judgment."

Cleo Syrup Corp. v. Coca-Cola Co., 139 Fed. 2d 416, 417-418

DATED: June 20, 1973

Respectfully submitted,

Jerome B. Rosenthal

Counsel for Plaintiff

IN THE UNITED STATES DISTRICT COURT

CENTRAL DISTRICT OF CALIFORNIA

- - -

HONORABLE IRVING HILL, JUDGE PRESIDING

- - -

SOLO CUP COMPANY, a corporation, Plaintiff, vs. ILLINOIS TOOL WORKS, INC., a corporation, Defendant.	)	Civil Action No. 73-185-IH

REPORTER'S TRANSCRIPT OF PROCEEDINGS

Place: Los Angeles, California

Date: Monday, June 11, 1973

DON P. CRAM
Official Reporter
440 U. S. Court House
312 North Spring Street
Los Angeles, California 90012
Telephone: 624-2928

APPEARANCES:

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and

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and

HUME, CLEMENT,
BRINKS, WILLIAM,
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Chicago, Illinois 60670; by

GRANGER COOK, JR.

LOS ANGELES, CALIFORNIA, MONDAY,
JUNE 11, 1973, 10:00 A. M.

- - -

(Other court matters.)

THE CLERK: Item No. 6, Civil Case 73-185-IH, Solo Cup Company v. Illinois Tool Works, Inc.

Counsel, please make your appearances.

MR. PRUITT: Your Honor, may I present a preliminary matter? My name is Samuel Pruitt, Jr., counsel for defendant.

THE COURT: What kind of preliminary matter, Mr. Pruitt?

MR. PRUITT: I take the honor of presenting to your Honor Granger Cook, Jr., of the bar of the State of Illinois.

THE COURT: All right.

MR. PRUITT: And I testify that he possesses the necessary qualifications for admission to practice before this court for this case. A written motion is on file. And I so move.

THE COURT: All right. That would admit him pro hac vice for this proceeding --

MR. PRUITT: Thank you, your Honor.

THE COURT: -- and that is so ordered.

Which one of you gentlemen wishes to be heard in this matter?

MR. PRUITT: Mr. Cook.

MR. COOK: I do, your Honor.

THE COURT: All right. Now, will you announce your appearances on the other side, please.

MR. ROSENTHAL: Yes. My name is Jerome B. Rosenthal, appearing for the plaintiff in the action and respondent on the motions. And I would also, if the court please, preliminarily, but for a less formal purpose, like to merely introduce as an accommodation and a courtesy Mr. John Lannery of Chicago, who represents the Solo Cup Company in the action pending there, with which this action is related and with which it is concerned, as your Honor knows.

THE COURT: Very well.

MR. ROSENTHAL: I thought conceivably the presence of Mr. Lannery, your Honor, might be of some assistance to the court or to counsel.

THE COURT: Very well.

Now, we have two motions on this morning, and I want to take the motion up first to transfer the case under 1404(a) to the Chicago court. I have read the documents. I am familiar with the contentions made. My tentative view is that that motion should be granted. And I will hear the plaintiff first.

How much time will you need, Mr. Rosenthal?

MR. ROSENTHAL: Only on that one issue, your Honor?

THE COURT: Yes. On the motion to transfer. Well, we will give you ten minutes.

MR. ROSENTHAL: Whatever your Honor says is generally acceptable to me. Ten or fifteen minutes.

THE COURT: Ten is the court's limitation.

MR. ROSENTHAL: All right.

Your Honor, I believe that it is difficult at the inception to separate from the other aspects, or the other alternative motions, that is to say, to dismiss and to stay, it is exceedingly difficult to separate properly or efficiently or effectively the motion to transfer on its own. That is true primarily because if indeed we have here before us a sincere effort on the part of Solo Cup Company, the plaintiff here, to separately litigate a matter in which its complaint is predicated upon the Sherman and the Clayton Acts, the scope and the sources and the burdens related to the choice of the plaintiff's venues are an entirely different set of rules; and for that reason I respectfully -- a different set of rules; I should say, than those that would obtain if the ordinary application of 1404(a) were to be concerned.

For example, I believe it's Section 12 of the Clayton Act which gives broader scope and greater emphasis to the importance of the selection of plaintiff as to the forum and venue than is normally the case in an ordinary situation, where there are three determinants -- that is to say, convenience of the parties, convenience of the witnesses, and the interest of justice.

Now, in addition to that obvious fact, that is to say, to me -- I guess that's a contention and conclusion, of course, rather than a fact. That is, that it is difficult, if not logically, prohibitory to exclude or separate or isolate the question of the transfer, or change of venue, from the question on the merits of the other two elements of the motion.

In addition to that, your Honor, we have cited in our documents -- which I am sure your Honor has read and, therefore, won't repeat -- authorities for which there is no response in the reply, to the proposition that among the three tests that are determinative of whether the motion to transfer or change venue should be granted or denied, the one that should be accorded the greatest weight is the interest of justice.

Now, viewing your Honor's indication, from that viewpoint alone we have a most unique situation in which it appears that a combination of circumstances, in addition to the Section 12 aspects of the Clayton Act, and in addition to the matters that were pointed out in Mr. Lannery's affidavit, which effectively attacks, without any response in the reply, the purported validity of the contentions of Mr. Beard on the convenience element.

We have in addition to that, your Honor, this very peculiar set of circumstances, which I will only summarize because again these circumstances are touched upon in the main documents, we have here a plaintiff in Illinois which purports to be a patentee and brings an action -- I may get the years off, your Honor. I don't have exact recall on the

precise time. But I do know each case in relation to the other --

THE COURT: Well, you laid out all that litigation --

MR. ROSENTHAL: Yes.

THE COURT: -- that was before the litigation between these parties, and the litigation between these parties, rather fully in the papers.

MR. ROSENTHAL: I have not, I don't believe, adequately stressed, your Honor, these elements. I don't know if I adequately stressed them, or not.

First, your Honor, the action was brought by ITW, the defendant here and the plaintiff there, the patentee in question, against Continental Can -- not in any way in privity with the parties here, with Solo Cup, the plaintiff here. That case was assigned by chance to a Judge Decker, Bernard Decker. Later another second action was brought against Maryland Plastics, or Sweetheart, as it is sometimes called.

After a certain development -- which I won't particularize just in the interest of time -- in the history of the pendency of those two cases, six, I believe, actions were filed against six different defendants in the Illinois action by the same plaintiff. They all were assigned to Judge Decker by reason of a rule which I fear is sometimes confused and sometime changes as to meaning. That's a rule of that particular district known as the "related

case rule." And both parties before the court today have a different viewpoint of the meaning of that rule.

THE COURT: Well, you don't want me to attempt to construe that court's rule, do you?

MR. ROSENTHAL: I think so, your Honor. I think your Honor might want to. Especially in an instance in which the construction of the rule is indispensable in the interest of justice; because if it is misquoted by one side and quoted correctly by the other, it's obvious that the case that is before your Honor --

THE COURT: I must stop you, Mr. Rosenthal. I am going to have to take a recess now, and it will be about fifteen minutes. We are swearing in a new magistrate up in the Chief Judge's chambers, and I am chairman of the committee and am obligated to be there; although not to stay for the entire ceremony.

You have only used about three or four minutes of your time.

We will resume again after recess.

MR. ROSENTHAL: Thank you, your Honor.

(Short recess.)

THE COURT: All right, Mr. Rosenthal.

MR. ROSENTHAL: Thank you, your Honor.

On the subject of the convenience, combined subjects of the convenience of the parties and witnesses, your Honor, I would like to point out that our adversary's moving papers are concerned, understandably but selfishly, only with the convenience of their ownselves and their own witnesses without any reference to the convenience of Solo Cup's. I don't want to repeat --

THE COURT: Well, both parties are principally based in Chicago, are they not?

MR. ROSENTHAL: No, your Honor; especially for the purposes in question. I was just about to come to that. That may have been true some time ago.

Solo Cup Company, your Honor, is primarily and entirely -- its main offices, in blunt English, its main plant, and everything that has to do with main or home office, your Honor, is in Urbana, Illinois -- not Chicago. That may be significant because if, indeed, the interests of justice are not enough to keep this case in this court in California for the reasons stated in the papers before your Honor -- and which I would like to avoid repeating -- it certainly doesn't belong for any convenience for anybody in the Northern District of Illinois -- especially in the light of the interests of justice.

Urbana, Illinois, as your Honor may know, is located in the Eastern District of Illinois; the district court for which is in Danville, Illinois -- not Chicago.

Now, the most obvious reason, your Honor, without mincing words, apart from

those I have already mentioned, why Solo doesn't want to stay in Chicago is because it feels it can't get a fair trial in Chicago, for reasons that are stated in the memorandum.

In addition to those reasons, your Honor, I would like to make this clear, if at all possible: It would be no convenience in the interest of the expediency or the administration of justice to transfer this back to Chicago, or the Northern District, because even if that were done, under the there existing court rules, the case would not be reassigned -- this case would not be assigned to Judge Austin, who just finished the trial on the patent suit. It would not be assigned to him under local rules -- and I don't think these parties are in disagreement, the Chicago experts, on that point at all -- but rather to another judge. That is because of the operation of Rule 10(b)(7) -- and there is no disagreement about that, I don't believe, or I never heard any discord on that -- which is to the effect that if there are two pending cases, having been assigned to the same judge, or potentially assigned to the same judge, and that judge, as in here, to illustrate specifically, is Judge Austin again, this case could not be tried by Judge Austin for the very reason --

THE COURT: Assume that arguendo; are you saying that nevertheless you could not get a fair trial of this case before any judge in that district and, therefore, that is a positive reason for me to deny the motion to transfer?

MR. ROSENTHAL: Yes, your Honor. I am saying that, as well as saying that the convenience of the administration of justice will not be served. And what will be the benefits that will be conferred? What are the benefits

to anybody that will accrue to your Honor's order, or indicated order, to grant it?

The witnesses, according to Mr. Lannery's affidavit -- the witnesses on two occasions that Mr. Beard, ITW's counsel, has stated he would use, he doesn't use. The witnesses that are likely to be those which are needed or used in the action pending here in this court would weigh the balance in favor of keeping the case in this court. And certainly the convenience or inconvenience of trial counsel or experts or patent counsel have nothing to do with the convenience question; and the authorities for that are cited in our memorandum.

There is another possible reason, your Honor -- maybe it's a little subtle and I may not be able to handle it adequately in the time allotted by your Honor, but I will try. We have an issue here, and the line of authority is also cited in the memoranda, to the effect that where there is a possibility of similarity but not necessarily sameness, or mutually and reciprocally exclusive sameness inherent in the pendency of two different cases, if one of them is a case in which a litigant is entitled to a jury trial, that case should go first. Because the effect of decisions or findings of fact on the non-jury case might be to deprive the litigant entitled to the jury trial of that very right.

Now, we have that situation here, your Honor, in response to the question that your Honor quite, I admit, appropriately put when your Honor asked whether I am saying that if Solo went back to another judge besides Judge Austin, why couldn't it get a fair trial in Chicago, let alone Danville -- assuming it

doesn't go to Danville, just arguendo. And for this reason, your Honor, I don't know if I have the right to claim any more expertise than any other lawyer of my years of experience at the bar, but I know that judges know each other when they sit on the same bench in the same city on the same court level. And I don't mean to imply anything improper except their colleagues are human beings and honorable men.

I also know, however, that Solo Cup's effort to get a jury trial in the patent case here has met with failure on a very doubtful ground, which might give rise, should Solo lose the case now under consideration by Judge Austin in the Illinois court, to a reason for appeal.

THE COURT: I am going to ask you now to finish up in a minute, please.

MR. ROSENTHAL: All right. If Solo loses its right to jury trial in Chicago, because of the predisposition of the judge who said twice it could not have a jury trial, in the instant case, the case for unfair competition, and for violation of the Sherman and Clayton Acts -- which I would like to point out to your Honor is a case which, if all of the allegations that are those issues in common with the Illinois case, if they were stripped from the California pleading, it would still leave a viable cause of action here in California, with its venue fixed here.

Thank you, your Honor.

THE COURT: Very well. We will hear from the other side, again only on the matter of the motion to transfer.

Is it correct that both parties do not have their principal places of business in Chicago, the Northern District, but do have in Illinois?

MR. COOK: I think that is correct. With respect --

THE COURT: One has its principal place of business in the Eastern District, is that right?

MR. COOK: Well, as apparently counsel indicated, that may be a recent event. I think they did indicate that in the memorandum attached to their opposing memorandum.

THE COURT: But originally both were Chicago-based?

MR. COOK: Yes, sir. And it is quite clear that the manufacturing operations continue in the Chicago area. The brand new plastics plant out of which this lawsuit is evolved is in Highland Park, which is a suburb of Chicago, in the Northern District. ITW is a Chicago-oriented company. It has a substantial amount of its activities in the Chicago area. And it has, quite clearly, the Division that makes the plastic products in question in another suburban area of Chicago.

So I think that it's quite clear that the opposing memorandum and comments that have been made today conclude two things, at least in my judgment: Chicago is the most convenient forum in which to try this action. And, secondly, there really is no convenience in trying this case in California. I think that is clear from

a failure to make such a reference in the comments of opposing counsel just a moment ago.

Counsel also alleges that in his judgment the interest of justice provision of 1404(a) was of paramount concern. He alludes to the earlier lawsuits that were filed by ITW in the Chicago court. That was clearly done because of some difficulties that ITW had with reference to the Sweetheart people. During the course of negotiations, with the objective of avoiding litigation, Sweetheart quite unexpectedly filed a declaratory judgment action in New York. This caused extra expense, extra time for ITW. At that time ITW had no ability to communicate with anybody, because as soon as they did, they would be vulnerable to a declaratory judgment action in, God knows, how many jurisdictions of the United States. The only reasonable alternative, your Honor, was to file a series of cases in Illinois -- which we did. Most of them have been settled, with the exception of the Solo Cup Company case and the Foster Grant case, which is going to trial next month.

Now, there was a statement about the assignment, if transferred to Chicago. There is a local rule that does provide for assignment to a court based on a related case; but I think there are four or five other items --

THE COURT: Well, let me say that I have no disposition to attempt to construe the local court rules of another court.

Is it not true, Mr. Cook, that most, if not all, of the issues that are involved in the instant case have been litigated in the Northern

District?

MR. COOK: That is correct. Essentially every one of the fact issues that were asserted as a basis for a patent misuse defense, or a basis for their declaratory judgment, counterclaims have in fact been reasserted in the complaint filed in the present case.

I submit that if, in fact, there is a judgment favorable to ITW, that that judgment will be dispositive of all the fact issues raised. Contrary to what counsel suggests, I can't imagine there being anything left in the present complaint in California if the judgment is adverse to Solo in the Chicago case.

THE COURT: All right. There is no need to argue the matter further.

MR. COOK: Just a point of information, your Honor.

THE COURT: Very well. Briefly.

MR. COOK: With respect to the related case rule, I think it technically is correct that the case would not automatically be assigned to any judge. It technically is now, contrary to previous practice, initially assigned to the executive committee for reassignment to the appropriate judge.

THE COURT: All right. If you will be seated, please. You may wish to take some notes.

MR. ROSENTHAL: Your Honor, may I make one corrective statement?

THE COURT: No.

MR. ROSENTHAL: No argument, your Honor.

THE COURT: No further statements will be required.

The motion to transfer this action to the federal court in Chicago in the Northern District of Illinois under 1404(a) is granted. I find that the action could have been brought in that district; and that it is for the convenience of parties and witnesses, and in the interests of justice, that the action proceed in that district.

I might observe -- and if you feel that I should make a finding on this, sir, I will make it, and do make it -- and I address you, Mr. Cook -- that most, if not all, of the substantive issues involved in this case have been litigated in that district, and this is a palpable attempt to relitigate them in a different and other venue; plaintiff here being dissatisfied with the venue in which that litigation has taken place.

And, secondly, I would find that both parties are principally based in Illinois, and that the connection of both with California is minimal by comparison.

Now, would you be good enough, Mr. Cook, to prepare the proposed order, and perhaps local counsel will help you get it out before you leave so it can be served by Wednesday on Mr. Rosenthal. And he will have five days

within which to object to its form -- so as not to change the result, but as to its form.

And this order should provide that the motion to dismiss -- and I think there is a motion to stay, is there not?

MR. COOK: Three of them, your Honor.

THE COURT: Yes. Those motions are off calendar; to be reset by the defendant when the case reaches the Northern District of Illinois; it being in the interest of justice that the trial judge decide such motions.

Very well, gentlemen. Court is adjourned.

PROOF OF SERVICE BY MAIL

STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

ROSE SANET certifies as follows:

I am a citizen of the United States and an employed in the County of Los Angeles, State of California; I am over the age of eighteen years and am not a party to this action; my business address is 250 North Canon Drive, Beverly Hills, California, in said County; I am employed in the office of Jerome B. Rosenthal, a member of the bar of this Court, and at his direction on the 20th day of June, 1973, I served the within

NOTICE OF MOTION, AND MOTION FOR RECONSIDERATION OF COURT'S RULING, AND OBJECTION TO AND REQUEST FOR AMENDMENT OF FINDINGS: MEMORANDUM OF POINTS AND AUTHORITIES

on the Defendant in this action by depositing a true copy thereof enclosed in a sealed envelope with postage thereon fully prepaid, in a mail box, regularly maintained by the Government of the United States at front of 250 North Canon Drive, in the City of Beverly Hills, California, addressed to the attorneys of record for said Defendant at the office address of said attorneys as follows:

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I declare under penalty of perjury, that the foregoing is true and correct.

Executed on June 20, 1973.

Rose Samet

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UNITED STATES DISTRICT COURT

CENTRAL DISTRICT OF CALIFORNIA

SOLO CUP COMPANY, a corporation,	) CIVIL ACTION NO. 73-185-IH
Plaintiff,	) REPLY MEMORANDUM
vs.	) OF DEFENDANT IN SUPPORT OF ITS MOTIONS TO DISMISS, OR
ILLINOIS TOOL WORKS INC., a corporation,	) IN THE ALTERNATIVE TO CHANGE VENUE, OR
Defendant.	) IN THE ALTERNATIVE TO STAY

This reply memorandum of ITW is filed in reply to Solo's Memorandum In Opposition to ITW's pending Motions.

Briefly, Solo's opposing memorandum has in no way weakened or affected adversely the

arguments set forth in ITW's Main Memorandum which clearly supports the allowance of ITW's pending Motions. However, as an aid to the Court, ITW makes the following response to Solo's Memorandum.

I. UNDER THE FACTS AND THE LAW, ITW'S MOTION TO DISMISS SHOULD BE GRANTED

A. The Fact Issues In The Present Action Will Be Resolved By The Chicago Case

Solo contends that judgment in the Chicago case will not dispose of the present action. In this regard, Solo alleges that only "the pleadings" should be considered in both cases. Under the law, however, the record in a case, not the pleadings, determines the scope of the issues before a Court. As established in ITW's main brief, the same facts underlie both Solo's patent misuse defense in the Chicago case and its antitrust and unfair competition counts in the present action.

Solo suggests its Trial Brief in the Chicago case should not be compared with the verbatim allegations made in Solo's Complaint in the present case (Solo's Memorandum In Opposition, at p. 10). This is totally unrealistic! Indeed, the precise purpose of Solo's Trial Brief in the Chicago case was to apprise the Chicago Court of the facts and legal issues for which Solo would adduce testimony and evidence. For Solo to suggest anything to the contrary, as it does, is to admit that it was guilty of deceiving and misleading the Chicago Court. To pretend that its Trial Brief in the Chicago case has no

standing or no purpose, as Solo now apparently does, is to indulge in the most fanciful charade.

To support its point that its Trial Brief in Chicago is irrelevant and that only pleadings can determine the issues before a Court, Solo quotes from United Shoe Machinery Corp. v. United States (1922), 258 U.S. 451, 459. In that case the Court, in fact, did state that pleadings should be examined, together with the record, to determine the estoppel effect of a prior judgment (Solo's Memorandum, at p. 10). But, Solo's quotation of the United Shoe case completely omits the latter portion of the Court's statement concerning the appropriate inquiries required to determine the estoppel effect of a prior judgment. The complete quotation is as follows:

> "To answer these questions we must look to the pleadings making the issues, and examine the record to determine the questions essential to the decision of the former controversy." [Emphasis added]
>
> United Shoe Machinery Corp. v. United States, 258 U.S. at 459.

Perhaps Solo would now like to expunge its Trial Brief from the record of proceedings in the Chicago case. This it cannot do, not even in this case. The fact remains that Solo's Trial Brief forms an essential part of the record in the Chicago case. In Solo's own words, that Trial Brief set forth "facts with respect to the misuse issue" which were going to be "established by the evidence" presented in the Chicago case

(Exhibit A, attached to ITW's Memorandum).[1]

Contrary to Solo's contentions here, both trial lawyers and judges alike have recognized that:

> "[T]he pleadings are not conclusive [as to the matters in issue] because of the possibility of trial by the implied consent of the parties. Under both state and federal practice there is a possibility that issues will be so tried so that the pleadings will not reflect the issues actually before the court."
> Vestal, Preclusion/Res Judicata Variables: Nature of the Controversy, 1965 Wash. U. L. Q. 158, 160
> See Rule 15(b), F. R. C. P.

Solo contends (Solo's Memorandum, at p. 11) that ITW's proposed Findings of Fact deal only with patent validity and infringement - and contain "no reference of any kind or in any degree to the presence of any antitrust or unfair competition issue, or to any connected patent misuse." The fact is that ITW specifically stated "Since these allegations are without factual support, it is impossible for ITW to make an appropriate response at this time. Accordingly, ITW leaves Solo 'to its proofs'

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1. Furthermore, in Solo's Brief (pp. 180-187) filed on May 30, 1973 (several days ago) in the ITW v. Solo Chicago case, Solo has again asserted the same arguments and alleged facts as set forth in its trial brief.

and will make an appropriate response, if needed, in its reply brief." When the Court was setting the post-trial briefing schedule ITW specifically reserved the right to file with its Reply Brief, now due on June 14, 1973.[2]

In this case, Solo has merely attached new labels (e.g., antitrust and unfair competition) to the identical factual allegations it advised the Chicago Court it was prepared to establish through its testimony and evidence in the Chicago case. Considerations of fairness and public policy simply foreclose a relitigation of those factual matters here.

B. Patent Misuse Is Not A Different Cause Or Demand Than Antitrust Or Unfair Competition

Solo admits in its Memorandum In Opposition that its Amended Answer and Counterclaim in the Chicago case contained allegations of patent misuse, misconduct and patent unenforceability (Solo's Memorandum, at p. 3). Just as in this action, Solo sought a declaration of invalidity with respect to ITW's Patents Nos.

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2. On page 2994 and 2995 of the trial transcript in the Chicago case, the Court agreed that "ITW have 15 days thereafter for its Reply Brief... and any supplemental proposed Findings of Fact." As soon as possible. ITW shall submit to this Court its supplemental proposed Findings of Fact on the subject matter common to both the Chicago case and this case.

3,091,360 and 3,139,213 in the Chicago case, as well as a determination that those patents were unenforceable by reason of ITW's alleged misconduct.

The integral relationship between patent misuse, on the one hand, and alleged antitrust violations and unfair competition, on the other, is evident on its face. Mr. Justice Douglas, for example, in Mercoid Corp. v. Minneapolis-Honeywell Regulator Co., 320 U.S. 680, 684 (1944), essentially merged the concepts of patent misuse and violation of the antitrust laws in noting that the legality of any act designed to expand the scope of lawful patent grant "is measured by the antitrust laws and not the patent law." Likewise, in Glen Mfg., Inc. v. Perfect Fit Indus., Inc., 299 F. Supp. 278, 292 (S.D.N.Y. 1969) the Court properly noted that a single set of operative facts may give rise both to allegations of patent misuse and violation of the antitrust laws.

Other Courts have repeatedly made the same point. In American Home Products Corp. v. Lockwood Mfg. Co., 173 USPQ 484 (S.D. Ohio 1969), for example, the Court granted a defendant in a patent infringement suit leave to plead patent misuse defenses, but denied leave to file an antitrust counterclaim more than two years after the filing of suit on the ground that:

> "The trial of this case on the issues raised by the complaint and the amended answer will dispose of many of the questions involved in the tendered new counterclaim - and possibly will dispose of the entire

matter if, as and when finality on those issues is arrived at." [Emphasis added]
173 USPQ at 486.

If trial on the issue of patent misuse can dispose of any issues of antitrust violation, then it stands to reason that the trial in the Chicago case on Solo's misuse allegations will obviate the necessity of a second trial before this Court on the same allegations under a different label. In short, if ITW is not guilty of misuse, the same factual allegations supported by the same evidence cannot possibly create liability under the antitrust laws.

In Scott Paper Co. v. Fort Howard Paper Co., 343 F. Supp. 225 (E.D. Wisc. 1972), a defendant in a patent infringement suit was provided with a full trial on its alleged patent misuse defenses, while its counterclaim based on the same factual allegations was held in abeyance. After trial on the misuse defenses, the defendant sought a trial on its counterclaim. The Court, however, dismissed the counterclaim on the ground that the counterclaim involved the same claim or cause of action as the previously tried affirmative defense of patent misuse. In so holding, the Court observed that:

"The subject matter of the defense and counterclaim is identical; the alleged rights of action arose at the same time out of the same acts; they depend on the same evidence for their proof; the same grounds for relief and degree of proof are involved in each. The only differences are in the form of the action and the relief sought, neither of

of which is determinative."
343 F. Supp. at 228.

More significantly, the Court in the Scott Paper case (as ITW requests here) dismissed the counterclaim on general principles of fairness and public policy, rather than any specifically established concepts of res judicata. In this connection, the Court noted that:

> "Assuming that the principles governing collateral estoppel or even law of the case rather than res judicata are applicable here, the cause of action set forth in the second counterclaim is still barred."
> 343 F. Supp. at 229.

As noted in ITW's Memorandum (at p. 7), ITW does not ask this Court to dismiss Solo's Complaint at this time through direct application of the doctrine of res judicata. Rather, it merely asks that this Court take note of the policy considerations underlying that doctrine (just as in the American Home and Scott Paper cases) and apply them here to bar Solo's relitigation of the identical factual allegations presented in the Chicago case.

C. Solo's Complaint Should Also Be Dismissed Under The Compulsory Counterclaim Rule

ITW urges the compulsory counterclaim rule, Rule 13(a), FRCP, as a further basis for dismissal of Solo's Complaint. As stated by the Supreme Court in Southern Construction Co. v. Pickard (1962), 371 US 57, 60:

"The Rule was particularly directed against one who failed to assert a counterclaim in one action and then instituted a second action in which that counterclaim became the basis of the complaint."

Solo relies entirely on a single gratuitous bit of dictum in the Mercoid case (320 US 661 at 671) to excuse its failure to bring this action in the Chicago case. As has been pointed out in ITW's main Memorandum, Mercoid has been both ignored and severely criticized. The Second Circuit Court of Appeals in U. S. v. Eastport Steamship Corp. (2nd Cir. 1958), 255 F. 2d 795, 805 limited Mercoid to its own very peculiar facts. The Supreme Court itself has significantly weakened Mercoid by citing the Eastport case with approval in Southern Construction Co. v. Pickard (1962), 371 US 57, 60. Thus, little, if anything, remains of the Mercoid doctrine.

Judge Frank in his dissenting opinion in Libbey-Owens-Ford Glass Co. v. Sylvania Indus. Corp. (2nd Cir. 1946), 154 F. 2d 814, 819, accused the majority of the Court of having disregarded Mercoid, while in Ronson Patents Corp. v. Sparklets Devices, Inc., (E. D. Mo. 1951), 102 F. Supp. 123, 125, and antitrust counterclaim, in the context of a patent infringement suit, was considered compulsory.

Even if Mercoid is thought to have some meager vitality, it is inapplicable here for the following reasons.

First, in Mercoid, the party pleading the antitrust counterclaim was not a party to the earlier proceeding.

Second, the alleged misuse defense was not asserted in the first infringement action brought by Mid-Continent. See Smith v. Mid-Continent (8th Cir. 1939), 106 F. 2d 622.

Third, the Supreme Court in Mercoid was faced with a situation where the patents involved would never be challenged on a misuse basis if the Mercoid antitrust counterclaim were not permitted to stand. This is because the Supreme Court barred Mercoid on principles of res judicata from raising the misuse defense in the Mercoid case.

Mercoid is the antithesis of the Solo case. Solo was a party to the infringement action in Chicago. Solo asserted the misuse defense against the patent in suit on the identical fact basis that allegedly supports this antitrust action. The patents involved will be (and are being) tested against the merits of Solo's misuse antitrust facts in the Chicago case.

Fourth, Solo has brought a separate action (initially to provide a vehicle to abort or delay the trial in the ITW v. Solo Chicago case) as distinguished from filing a counterclaim, as a defensive tool, in a second patent infringement action -- as was the case in the Mercoid case.

Thus, the Solo facts are totally different than the Mercoid case and thus, Mercoid on its facts is not applicable. Moreover, the public policy which the Supreme Court strained to serve in Mercoid has been fully satisfied in the Chicago case, because Solo did assert (and is now vigorously asserting) its misuse defense.

In the present case, where Solo has previously had an opportunity to litigate and present

evidence (and has done so with respect to misuse) in support of claims that are based upon the identical factual allegations giving rise to its Complaint here, dismissal under the compulsory counterclaim rule is both appropriate and required, even before a final decision is rendered in the Chicago case. U.S. v. Eastport Steamship Corp. (2nd Cir. 1958), 255 F. 2d 795, 805; New Britain Machine Co. v. Yeo (6th Cir. 1966), 358 F. 2d 397, 410-411; Jepco Corp. v. Greene (S. D. N. Y. 1959), 171 F. Supp. 66; E. J. Korvette Co. v. Parker Pen Co. (S. D. N. Y. 1955), 17 F. R. D. 267.

D. Solo's Right To A Jury Trial and Hardship Arguments are Without Merit

Solo argues that its right to a jury trial on the antitrust claim prevents dismissal and that ITW will suffer no hardship if its motion for dismissal is denied (Solo's Memorandum, at pp. 18-20). Both points are without merit.

The record is clear that in the Chicago case, Solo waived its right to a jury trial on the fact issues raised by the Chicago action. Originally, Solo had the right to trial by jury on all of the factual issues, but Solo failed to file a timely jury demand and therefore, forever waived its right to a jury trial on the same factual issues. Indeed, the filing of a second independent action, as Solo has done here, cannot in any way vitiate or cure its waiver of its right to a jury trial on the factual issues framed then by the Chicago action and how by the present action. Solo had its chance for a jury trial in the Chicago case, but waived it. It cannot resurrect its right to a jury trial by

filing this action raising the same factual issues as those in the Chicago case.

If Solo had labeled its identical claims in the Chicago case as antitrust and unfair competition counterclaims and proceeded to make a timely request for trial by jury, it would have had the relevant factual issues decided by a jury. But it didn't and these factual issues are now being decided by the Chicago Court.

Likewise, it is simply absurd to suggest that a second trial on the identical matters involved in the Chicago case would not work a hardship on ITW. To the contrary, such attempts at relitigation by attaching different labels to identical factual allegations clearly works a hardship not only on ITW but also on the federal courts.

E. ITW's Position In The Foster Grant Case Is Not Inconsistent With Its Position in This Case

Solo contends that the position taken by ITW in the Foster Grant case is the exact opposite position... taken here." The fact is that in the Foster Grant case, Foster Grant filed a motion for leave to file an antitrust counterclaim. This motion was filed about one and a half ($1\frac{1}{2}$) years after the filing of the complaint. The fundamental issue was whether or not it was proper under the particular circumstances of that case, to grant leave to file the proposed counterclaim.

The significant distinction here is that in the ITW v. Solo Chicago action, Solo neither filed an antitrust counterclaim nor attempted to

file an antitrust counterclaim. This situation existed from the date of filing the Complaint in the ITW v. Solo Chicago action to the date of the trial -- a period of about four (4) long years. In the context of the facts in the ITW v. Solo Chicago case, the antitrust counterclaim was compulsory and Solo should be barred from bringing this antitrust action.

F. Dismissal of Solo's Unfair Competition Count Is Not Only Appropriate In This Case But Is Not Disputed

Solo's Memorandum in Opposition makes scant mention of the related unfair competition claim (Count II of Solo's Complaint) which by any measurable standard should properly have been brought in the Chicago proceeding. Count II of Solo's Complaint realleges the allegations of Count I, but unlike Count I, purports to state a claim for unfair competition.

As with Count I, Solo's unfair competition Count II arises from the identical subject matter of Solo's defenses and counterclaim in the Chicago case. By Solo's own admission, its alleged right of action for unfair competition springs from the same alleged acts and, in fact, depends on the same alleged evidence which Solo contended was both available to it and would be presented in the Chicago case (see Solo's Trial Brief, attached as Exhibit "A" to ITW's Memorandum). Moreover, as noted in ITW's Main Memorandum (at p. 9), unfair competition claims, in the context of a patent infringement suit, are undisputably compulsory counterclaims. 3 Moore's Federal Practice, §13.13, pp. 13-303 through 13-306.

As a matter of law, therefore, Solo's failure to plead its alleged unfair competition claim as a counterclaim in the Chicago case is an absolute bar to the relitigation of that alleged claim in this case. Since Solo apparently does not dispute this point in its Memorandum In Opposition, ITW respectfully suggests that Count II of Solo's Complaint be dismissed.

II. IF NOT DISMISSED, THIS CASE SHOULD BE TRANSFERRED TO THE NORTHERN DISTRICT OF ILLINOIS

A. Chicago Is The Most Convenient Forum For Both Parties

Solo's opposing Memorandum makes two points unmistakably clear. First, Chicago is the most convenient forum in which to try this action. Second, there is absolutely no convenience in trying this case in California.

Solo admits that California is inconvenient for itself [Solo Memorandum, p. 23 (b)] and ITW has amply demonstrated the inconvenience of California for itself and its witnesses. Solo attempts to show some contact with California by stating that its chief executive officer resides there and that Solo has a sales office, a manufacturing facility, and a warehouse in California [Solo Memorandum, p. 23 (b)]. However, none of these is even alleged to have the remotest connection with this litigation.

Solo relies exclusively on its "choice of forum" as a positive basis for retaining this litigation in California (Solo Memorandum, p. 31). However, where:

"the operative facts have not occurred within the forum of original selection (this is undisputed) and that forum has no particular interest in the parties or the subject matter, the Plaintiff's choice is entitled only to minimal consideration."

Pacific Car and Foundry Co. v. Pence, 403 F. 2d 949, 954 (9th Cir. 1968); see also Patterson v. Louisville and Nashville R. R. Co., 182 F. Supp. 95, 99 (S. D. Ind. 1960).

B. The Interests of Justice Are Served By Transfer to Chicago

1. Solo's "In the Interest of Justice" Argument is Based on Fantasy, not Fact

In reviewing Solo's argument (Solo's Memo, pp. 34-47), it is clear that Solo is distressed by the District Court and Court of Appeals' decisions in the Continental Can and Sweetheart cases. In a rather heavy-handed manner, Solo attempts to attack the precedent value of these decisions by alleging that the Honorable Judge Bernard Decker "was biased in favor of the plaintiff" because of his alleged association, about twenty-five (25) years ago, "as an attorney for the Smith Family (controlling ITW . . .)" (Solo's Memorandum p. 40).

Solo's charge of bias is based on such tenuous grounds that it really should not be dignified with a response. However, because of the reckless character of the charges in

Solo's Memorandum, ITW is compelled to set forth "the facts," as follows:

1. Contrary to Solo's representations that Judge Decker was retained by the "Smith family," the then Mr. Decker (who was a lawyer with offices in Waukegan, the Lake County Seat for the Probate and other County Courts) actually was retained over twenty-five (25) years ago by a Chicago law firm, then named Scott, MacLeish and Falk, because of a law school and close friendly relationship of one of the Firm's partners with Mr. Decker (see Affidavit of Winfield T. Durbin, §3, attached as Exhibit A).

2. Contrary to Solo's representations that Judge Decker represented the Smith family, "Mr. Decker represented over twenty-five (25) years ago indirectly, not directly, the late Solomon A. Smith, and did not represent the "Smith family" (Durbin Affidavit, Par. 3, attached as Exhibit A).

3. As stated in the Durbin Affidavit, Mr. Decker acted and functioned in the capacity of local counsel to the MacLeish firm (Durbin Affidavit, Par. 3). He rendered ministerial services routinely needed of a local office situated near the court facilities (Durbin Affidavit, Par. 6).

4. When confronted by Solo's counsel with an alleged association with the "Smith family" in Court on May 17, 1972, Judge Decker stated that he did not know whether "the Smith family [was] involved in ITW" and did "not even know who the officers of ITW" were. (See transcript of proceedings of May 17, 1972, p. 9, Exhibit B).

5. In the ITW v. Sweetheart case, Judge Decker found that certain accused containers infringed, while other accused containers did not infringe. Thus, Judge Decker rules adversely to ITW with respect to a significant percentage of Sweetheart's product line (ITW v. Sweetheart, 306 F. Supp. 364).

6. In ITW v. Solo, Judge Decker ruled that certain plastic cups were "prior art" against the '360 patent in suit and, therefore, ruled adversely to ITW's interest. On ITW's request for reconsideration, Judge Decker adhered to his earlier decision, (ITW v. Solo, 317, F. Supp. 1169).

7. In the Continental Can case, Judge Decker wrote a 107-page detailed opinion soundly based on the evidence which conclusively established the validity of the '213 patent in suit. (See ITW v. Continental Can, 273 F. Supp. 94).

8. Solo improperly characterizes Judge Decker's transfer action as recusal, and, thereby infers that Judge Decker acknowledged an improper association with the "Smith family." However, nothing could be further from the truth, since Local Rule 10(B) (7) required transfer to the Executive Committee.

Thus, the record clearly established the objectivity and lack of bias of Judge Decker. Solo's irresponsible charges are totally without factual basis and its "in the interest of justice" argument is simply based on imagination and

innuendos. [1]

C. Litigating the ITW Cases in Chicago Was in Accord with the Local "Related Case" Rule and the Supreme Court's Co-ordinating Committee for Multiple Litigation

Solo takes great pains to point out that ITW sought to concentrate the litigation of the patents in suit in the Northern District of Illinois. Infringement actions were filed in and transferred to Illinois because of two reasons: (1) Illinois is in the forum that is most convenient for ITW, its witnesses and its counsel, and (2) with a single Judge handling the patents in suit, the effort and time of the judiciary and of the parties would be reduced to a minimum.

To suggest, as Solo does, that there was something nefarious in litigating in Chicago is beyond belief. Solo implies that it was done to channel the litigation to Judge Decker. The charges Solo has made against Judge Decker have been totally refuted and there is no need to comment further on the fantasy of Solo's allegations. [1]

Solo's direct attack on the District Court's "local rule" and its indirect attack on the

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1. Furthermore, the ITW v. Solo Chicago case was tried before and is now pending before Judge Austin, not Judge Decker.

laudable objective of conservation of judicial effort is totally without merit. Solo would have patentees enforce their rights in as many forums as possible or face the unwarranted charges of improper conduct. Congress and the Courts have been constantly searching for ways to concentrate related litigation in the fewest number of Courts possible in order to reduce the burden on the Court system and the litigants. Indeed, in applying Section 1404(a), it "is in the interest of justice to minimize the number of forums where litigation is held." Duplan Corp. v. Deering Milliken, Inc., 324 F. Supp. 102, 104 (S. D. N. Y. 1970); Firmani v. Clarke, 325 F. Supp. 689 (D. Del. 1971).

Congress responded to the judiciary's need for tools with which to concentrate related litigation in a minimum number of Courts by creating the Judicial Panel on Multidistrict Litigation, 28 U. S. C. 1407. The Panel has been given extraordinary powers to consolidate related cases for pretrial proceedings.

Conservation of judicial effort by concentrating litigation is obviously desirable. This is clearly reflected in the recommendations of the Supreme Court's Coordinating Committee for Multiple Litigation, as embodied in the Manual for Complex and Multi-District Litigation. When related cases are pending in different circuits, one recommended course of action is to transfer all such cases "to a single district under Par. 1404(a)," Manual, Paragraph 5. 32-5. 4.

Once the cases are pending in a single district they "should be assigned to a single Judge." Manual, Paragraph 5. 21. The ITW cases have been handled exactly as the Congress and the

Coordinating Committee for Multiple Litigation would dictate.[1]

The "History of ITW Litigation," to which Solo objects, are actions not only at the District

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1. Solo makes reference to the declaratory judgment action which was initially filed by Sweetheart Plastics, Inc., in the Southern District of New York. This case was transferred, after due proceedings had, not by Judge Decker, or by any Judge in the Seventh Circuit, but by Judge Weinfeld in Sweetheart Plastics, Inc. v. Illinois Tool Works, Inc., 267 F. Supp. 938, 943-944 (S. D. N. Y. 1967) upon the grounds considered wholly proper by that Court, that the Northern District of Illinois was the convenient and proper forum.

   Solo also makes reference to proceedings both before the District Court in Boston, 167 USPQ 347, 348 (D. Mass., 1970) and in the First Circuit Court of Appeals, Sweetheart Plastics, Inc. v. Illinois Tool Works Inc., 439 F. 2d 871, 875 (1st Cir. 1970). Both the District Court and the Court of Appeals refused to take cognizance of certain matters being considered, or which had been considered, by Judge Decker in the Chicago Sweetheart litigation. Here again, the action was not by Judge Decker, or any judge in the Seventh Circuit, but by the District Court and the Second Circuit Court of Appeals in Massachusetts.

Court level in Chicago, by Judge Decker, but also by the Seventh Circuit Court of Appeals, by the District Court of the District of Massachusetts. As to Solo's position, one is reminded of the old war-time song "They Were All Out Of Step But Jim."

D. The "Law of the Circuit" Is Not Inconsistent With the Supreme Court's Blonder-Tongue Decision

How Solo reaches the conclusion that the Supreme Court case of Blonder-Tongue v. University of Illinois Foundation, 402 U. S. 313 (1971) is in any way inconsistent with the "law of the circuit" rule of the Seventh Circuit, is difficult to understand. In Blonder-Tongue, it was held that if a patentee in an earlier case has had a full and fair hearing, and his patent has been held invalid, he is under a heavy burden in a subsequent suit on the same patent to show that error was committed. On the other hand, if the patent has been held valid, a subsequent defendant is still entitled to his day in Court upon the defenses which he may present, and this distinction was recognized by the Supreme Court.

The American Photocopy Equipment Co. v. Rovico case, 384 F. 2d 812 (7th Cir. 1967) cert. den. 390 U. S. 945 (1968) on the other hand, stands for the time honored principle of stare decisis. See Lehman Co. of Am., Inc., v. Appleton Toy & Furniture Co., 148 F. 2d 988, 989 (7th Cir. 1945); Cold Metal Process Co. v. E. W. Bliss Co., 285 F. 2d 231, 234 (6th Cir. 1960); Koolvent Metal Awning Corp. v. Graham, 82 F. Supp. 40, 41 (N. D. Ohio 1948) and Philad

v. Vanatta, 28 F. Supp. 539, 540, (S. D. Cal 1939) for identical doctrines in other Circuits. Simply put, if there is no new evidence of invalidity, the District Court will follow its Court of Appeals decisions based on the same evidence. There is nothing more basic and universal in Anglo-American jurisprudence.

In short, there is certainly nothing inconsistent between Blonder-Tongue and the Seventh Circuit rule of American Photocopy Equipment Co. v. Rovico, Inc., 384 F. 2d 813 (7th Cir. 1967), cert. den. 390 U.S. 945 (1968). Blonder-Tongue is, in fact, an extension of the rule. There is really nothing unique about the Rovico rule, which is an expression of the doctrine of stare decisis which has been followed by Courts since the inception of judicial proceedings.

III. STAY OF THESE PROCEEDINGS IS ESPECIALLY APPROPRIATE

Absent dismissal or transfer, a stay of this action pending a final decision in the Chicago case will serve both the interests of justice and judicial economy. After the Chicago case has been decided, established principles of res judicata or collateral estoppel will absolutely bar the kind of relitigation which Solo seeks in this case. Cromwell v. County of Sac, 94 US 351, 235 -353 (1876).

It follows, therefore, that nothing can be gained by permitting this action to proceed, when the decision of the Chicago Court could obviate the necessity for trial of this action. Even if this were not the case, however, ITW suggests that it makes far better sense to have

the specific findings of the Chicago Court on the patent misuse issue available for consideration by this Court, before any proceedings are commenced on the factually related antitrust claims of Solo.

For this reason alone, it is respectfully requested that these proceedings be stayed should this Court decide not to dismiss Solo's Complaint or to transfer this case to Chicago.

IV. CONCLUSION

For the foregoing reasons ITW respectfully requests its Motion to Dismiss be granted or, in the alternative, that its Motion for Change of Venue and/or Stay be granted.

June 7, 1973.

GIBSON, DUNN & CRUTCHER
SAMUEL O. PRUITT, JR.
DEAN STERN
-and-
HUME, CLEMENT, BRINKS
WILLIAN, OLDS, & COOK, LTD.
GRANGER COOK, JR.
JAMES P. HUME
JOHN L. CLINE

By /s/ Samuel O. Pruitt, Jr.

Samuel O. Pruitt, Jr.

IN THE UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

ILLINOIS TOOL WORKS, INC.	)	
	)	
Plaintiff,	)	
	)	
v.	)	NO. 69 C 480
	)	
SOLO CUP CO., INC.,	)	
	)	
Defendant.	)	

STATE OF ILLINOIS)
)
COUNTY OF C O O K)

AFFIDAVIT OF WINFIELD T. DURBIN

WINFIELD T. DURBIN, being duly sworn, deposes and says:

1. I am a partner in the law firm of Price, Cushman, Keck & Mahin, 134 South LaSalle Street, Chicago, Illinois, and have been with the firm since 1937.

2. Granger Cook, Jr., of the law firm of Hume, Clement, Hume & Lee, counsel for plaintiff in the above entitled case, has requested me to recall matters and review the files of our firm relating to our representation of Solomon A. Smith, as executor and trustee under the will of Walter Byron Smith, who died April 2, 1945 and also to set forth the facts concerning

the services rendered to the estate of Walter Byron Smith in the 1940's by the Honorable Bernard M. Decker, now a judge of the United States District Court, Northern District of Illinois, who was then engaged in private law practice with his office in Waukegan, Illinois.

3. Walter Byron Smith died a resident of Lake County so that his estate was administered in the Probate Court of Lake County at Waukegan. Our law firm, then named Scott, MacLeish & Falk, was retained by Solomon A. Smith as executor and trustee to represent the estate. John MacLeish, now deceased and then the senior partner in our firm, and I did the bulk of the responsible legal work required by the estate, which contained assets in excess of $2,500,000. The problems involved included especially the possible renunciation of the will by the decedent's widow who was a second wife and had no children. Mr. MacLeish determined that it would be desirable to have counsel at Waukegan, the county seat of Lake County, to assist us in matters of local practice. For that purpose Mr. MacLeish selected Mr. Decker, who was a law school classmate and very close friend of a partner in our firm and who had a reputation as an excellent lawyer.

4. Accordingly I got in touch with Mr. Decker and asked him to assist us as attorneys for the estate in some of the forthcoming matters in Lake County, stating that we would need his advice and assistance from time to time with respect to various matters of Lake County practice. From time to time between April 1945 and June 1947 Mr. Decker performed various services for our firm in connection with (1) the administration of the estate in the Probate Court of Lake County, (2) the inheritance

tax proceeding in the County Court of Lake County, and especially (3) a Chancery proceeding in the Circuit Court of Lake County involving settlement of the widow's right of renunciation, in which proceeding Mr. Decker's name appeared as co-counsel with us.

5. The widow's right to renounce the will was waived in a family settlement agreement under which, in addition to the provisions for her in the will and a $35,000 widow's award, she was to be paid $155,000 in cash, was to receive an annual payment of $3,500 for life, and was given a life interest in certain household furnishings. The effect of the agreement was to reduce, to the extent of the additional payments to the widow, the trust assets distributable to other beneficiaries named in the will who were descendants and collateral relatives of the decedeat, and as a result approval of the family settlement agreement by a Court of Chancery was required. A suit was therefore filed in the Circuit Court of Lake County, in which a 32 page decree was entered March 1, 1946 approving the settlement. Many members of the Smith family, other than our firm's client, were parties in this Chancery proceeding and were represented by counsel other than our firm which, with Mr. Decker, represented solely the executor and trustee under the will of Walter Byron Smith.

6. From the review of our files, which have refreshed my recollection, I am able to say that Mr. Decker's services during this period consisted of services and advice with respect to local practice and procedures in the above courts and specifically, among other things, the following: sending our firm a copy of the rules of the Probate Court of Lake County,

forms for the petition for the probate of the will, and a list of the questions asked in making proof of will; having the petition for admission of the will to probate set down for hearing; checking the file to see that notice of the petition had been mailed to all named persons; filing the inventory and bill of appraisement with widow's award deferred; filing the answer prepared by our firm in Circuit Court case; obtaining entry of order in County Court extending time to file the Illinois inheritance tax return; receiving from us and filing the inheritance tax return in the County Court; sending our firm a copy of the Circuit Court order appointing a trustee for unborn persons; arranging for the date of hearing in the Circuit Court and for a cost bond approved by the court; sending our firm a memorandum from the trustee for unborn persons in the Circuit Court concerning his services; obtaining and sending our firm a certified copy of the final Circuit Court decree and the original stenographic report of the proceeding; presenting our firm's petition for an order for notice to be given of the final account and for the appointment of a guardian ad litem; checking the records of the County Clerk from time to time concerning the inheritance tax proceeding; advising our firm of the appointment of a guardian ad litem and an appraiser in the inheritance tax proceeding; conversing with the County Judge as to the amount of guardian ad litem fee in the inheritance tax proceeding; sending our firm forms to be used in preparing a suggested appraiser's report for the inheritance tax proceeding; advising our firm concerning the allowance of guardian ad litem fees in the inheritance tax proceeding in the County Court.

7. While the Illinois inheritance tax proceeding and the determination of the tax in

the County Court of Lake County was time-consuming and involved considerable efforts by our firm, with some assistance from Mr. Decker, the outcome was not prospectively or actually of great importance to the estate of Walter B. Smith because the Illinois tax was allowed as a credit against the federal estate tax. The administration of the estate in the Probate Court of Lake County did not involve the determination by the court of any contested or controversial question. The approval of the settlement of the widow's right of renunciation in the Circuit Court suit was desired by the Walter B. Smith estate and its beneficiaries who were the decedent's daughter and her children, but Mr. Decker's participation was limited to assisting us, as above.

8. For the services performed by Mr. Decker in connection with the proceedings in the Probate, County, and Circuit Courts of Lake County relating to the estate of Walter Byron Smith, he was paid from the estate as shown in the final account approved on August 12, 1946, a fee of $2,500. The fee of our firm for its services in connection with those proceedings as similarly shown in the final account was $47,500. Our firm's files do not contain a computation of the hours spent by Mr. Decker in performing his services except that, as of March 4, 1946, he had spent 40 hours on the Circuit Court case. After the final account Mr. Decker did a few of the things for us in connection with the Illinois inheritance tax, but did not receive additional compensation.

9. Mr. Decker was retained by our firm to assist us because of our knowledge of Mr. Decker's qualifications and his close personal relationship with a partner of our firm, all

without there being any relationship between Mr. Decker and our firm's client. Mr. Decker's services described above were performed solely at the request of our firm and, so far as I am aware, without any direct dealings on his part with our firm's client, or with The Northern Trust Company which was employed by Solomon A. Smith, as executor and trustee, to act as his agent.

/s/ Winfield T. Durbin

Subscribed and sworn to before me
this 12th day of September, 1972.

/s/ Geneviene R. Kurth
Notary Public

My Commission expires:

June 20, 1976

IN THE UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

ILLINOIS TOOL WORKS, INC.,	)	
Plaintiff,	)	
vs.	)	No. 69 C 480
SOLO CUP CO., INC.,	)	
Defendant.	)	

Before the HON. BERNARD M. DECKER, Judge., on Wednesday, May 17, 1972, at the hour of 10:00 o'clock, a. m.

PRESENT:

MR. JAMES P. HUME,

on behalf of plaintiff;

MR. JOHN F. FLANNERY,
MR. JEROME B. ROSENTHAL,

on behalf of defendant.

can discuss it.

THE COURT: All right; we will hold it over to the end of the motion call and discuss it.

MR. FLANNERY: Thank you, your Honor.

THE COURT: Yes. All right.

(Whereupon the Court gave attention to other matters on the call, after which the following further proceedings were had herein, in open Court, as follows:)

THE COURT: All right.

MR. HUME: Your Honor, I might say at the outset, we've had no notice of any kind that any such matter was going to come up today.

THE COURT: Well, of course, it is still a pending matter and the motion hasn't been disposed of and I'm willing, if counsel wants to say something about it, even without notice, it is still pending, and I had expected to dispose of it before this time but I have been out of town and out of town until today.

MR. FLANNERY: Judge, Mr. Jerome Rosenthal of Los Angeles, the chief executive officer of Solo is in Los Angeles, he consults Mr. Rosenthal on legal advice is here today and he has turned up some new evidence on this motion which may affect your decision on it. Jud I don't know if you want this on the record or not. Do you want it off the record?

THE COURT: Well, it can be on the record, I don't --

MR. FLANNERY: Well, all right. Mr. Rosenthal.

THE COURT: Yes.

MR. ROSENTHAL: If the Court please, we have discovered that the Court files in Lake County indicate that your Honor served -- while in private practice, of course -- as counsel, first as co-counsel in the probate administration of the estate of Walter Byron Smith, the decedent, who was the chairman of the board of ITW and one of its principal stockholders.

Second, the file in the Circuit Court case --

THE COURT: You're giving me some news, but go ahead; I mean, I have no recollection of any --

MR. ROSENTHAL: No; we felt it incumbent upon us, your Honor, to direct it to your Honor's attention for that is one of other possible reasons.

Second, that your Honor was also counsel or co-counsel in a chancery action involving the various factions of the Smith family, the principal owners and stockholders and officers and officials of Illinois Tool Works, the plaintiff in the current action pending before your Honor.

We felt, as I said, your Honor, that it was incumbent upon us to direct this to your Honor's attention and your Honor might -- at first informally -- in order that your Honor might take appropriate action.

I might represent to the Court, which I do, that --

THE COURT: I don't even know who the officers of ITW -- perhaps you can tell me; is the Smith family involved in ITW?

MR. ROSENTHAL: Yes; Smith's family controls and operates ITW and has for at least, so far as I can deduce or determine, two and maybe three generations.

THE COURT: Well, that's all very interesting but you -- if you hadn't told me that this morning -- this is the first association I've ever made as to who belonged to ITW; ITW was just a --

MR. ROSENTHAL: A corporate litigant.

THE COURT: A corporate -- Illinois Tool Works, I guess, and -- well --

MR. ROSENTHAL: And, your Honor --

THE COURT: I can tell you this, whatever decision I make will not be made on the basis of the information that you gave me this morning; I mean, one way or the other, because I can't see the slightest connection between -- none whatever.

MR. ROSENTHAL: But I might inform your Honor --

THE COURT: Yes?

MR. ROSENTHAL: Our client, or my client, feels so strongly about this matter that he insisted that it be properly presented, but also agreed that it should be informally disclosed to your Honor as well first and preliminarily. He feels that there are two characteris-

tics that are applicable; first, that it is not possible that he can get a fair and impartial trial --

THE COURT: So far as that argument is concerned I think it has some validity and needs to be considered seriously, and I am considering it seriously, and, if I make any decision in the case, it will be based on that and not something that you have reached out clear up into Lake County in the distant past, which is so far back that -- and which would have absolutely no relationship to any decision that I may make, or that I might make, in a patent case.

The first patent case that I had involved a Lake County corporation -- well, one based in Lake County, I should say, the Outboard Marine Company, with an engineer who was a close personal friend of mine and the first patent case that they lost was the one before me, so that what my relationship may have been with -- well, it wasn't with ITW at all, it was with members of the Smith family. So you are reaching too far out in that connection, but that will not influence me one way or the other on the pending motion. I expect to rule on it, in any event.

MR. ROSENTHAL: No, this has no reference to the pending motion, except I suppose it should be considered in aid of it, but it is going to be, or must be, in light of or as a separate motion. These facts came to hand -- I might represent to your Honor also that counsel of record had no knowledge of this evidence that I have here with me, which are reproductions from the Court files that I have outlined, some of the documents of the file, until yesterday

afternoon sometime around 4:00 when I arrived from Los Angeles. So, for that reason, it was decided that before making any formal motion under Section 144, we would make this informal presentation to your Honor.

THE COURT: Yes. Well, I think you had better leave it informal. I mean, I am going to decide the motion and you can, after -- if you want to file something after I decide the motion, why, of course, you are at liberty to do so.

MR. ROSENTHAL: You mean the motion that -- in a sense, I realize that this is not now technically, my presence here and the proceedings that took place before you are not technically a motion, but, is your Honor referring to these proceedings as a motion? I'm just not understanding --

THE COURT: Well, I don't know what this is except an informal presentation, and it can be of record, so far as I am concerned, but there is a motion to recuse that I haven't operated on and I've consulted with the Executive Committee and my mind was made up before your appearance here this morning but I haven't had time -- I only came back here to Court this morning. I haven't had time to sit down and enter an order, but -- so I suggest that you wait and see what order is entered.

MR. ROSENTHAL: All right. I understand, you Honor. I thank you.

MR. FLANNERY: Judge, may we dispose of our motion to compel Edwards to answer the questions?

THE COURT: Well, on that motion --

MR. HUME: Your Honor, may we have ten days on that, too?

THE COURT: You don't need ten days on it, I will dispose of it right now -- oh, you mean on -- on which motion, the motion on the patent?

ILLINOIS TOOL WORKS, INC.,	)	
Plaintiff,	)	
vs.	)	No. 69 C 480
SOLO CUP CO., INC.,	)	
Defendant.	)	

CERTIFICATE

I HEREBY CERTIFY that the proceedings had above before the HON. BERNARD M. DECKER on Wednesday, May 17, 1972, were transcribed by me as Official Court Reporter and consist of pages 1 through 20, inclusive, and that such transcription is a full and accurate transcription of my shorthand notes.

/s/ Robert J. Betz
ROBERT J. BETZ
Official Reporter
Northern District of Illinois
Eastern Division

CERTIFICATE OF SERVICE BY MAIL

LILLI B. MUSIL certifies as follows:

I am a citizen of the United States and am employed in the County of Los Angeles, State of California; I am over the age of eighteen years and am not a party to this action; my business address is 634 South Spring Street, Los Angeles, in said County and State; I am employed in the office of Dean Stern, Esq., a member of the bar of this Court, and at his direction on the 7th day of June, 1973, I served the within

REPLY MEMORANDUM OF DEFENDANT IN SUPPORT OF ITS MOTION TO DISMISS, OR IN THE ALTERNATIVE TO CHANGE VENUE, OR IN THE ALTERNATIVE TO STAY

on the Plaintiff
in this action, by placing 1 true copy(ies) thereof in an envelope addressed to its attorney(s) of record, addressed as follows:

Jerome B. Rosenthal, Esq.
250 North Canon Drive
Beverly Hills, California 90210

and by then sealing said envelope and depositing the same, with postage thereon fully prepaid, in the mail at Los Angeles, California.

I certify under penalty of perjury that the foregoing is ture and correct.

Executed on June 7, 1973, at Los Angeles, California.

_____

Declarant

JEROME B. ROSENTHAL/
GERALD KRUPP
250 North Canon Drive
Beverly Hills, Ca. 90210
(213) 276-7123 272-5436

Attorneys for Plaintiff

UNITED STATES DISTRICT COURT

CENTRAL DISTRICT OF CALIFORNIA

SOLO CUP COMPANY, a corporation,	) Civil Action) No. 73-185-IH
Plaintiff,	) MEMORANDUM OF) POINTS AND AUTH-
v.	) ORITIES IN OPPOSI-) TION TO DEFEN-
ILLINOIS TOOL WORKS, INC., a corporation,	) DANTS MOTIONS TO) DISMISS, CHANGE) VENUE, AND/OR
Defendant.	) STAY

This Memorandum is filed by Solo Cup Company, Plaintiff, (hereinafter "Solo") in opposition to Motions of Defendant, Illinois Tool Works, Inc. (hereinafter "ITW") to Dismiss Plaintiff's Complaint, or in the alternative to Change Venue and Transfer under Section 1404(a) of the Federal Rules of Civil Procedure, or to Stay this action.

(Affidavits of JOHN F. LANNERY dated April 13, 1973, and of JEROME B. ROSENTHAL,

dated May 3, 1973 are concurrently filed herewith).

LIST OF EXHIBITS

EXHIBIT	DESCRIPTION	TEXT REFERENCES
A.	AMENDED ANSWER (AND) COMPLAINT ALLEGATIONS) ILLINOIS ACTION	- p. 2, 1.17 - p. 2, 1.25 to p. 3, 1.13 - p. 4, 1.11 - p. 7 1.15, et seq.
B.	TABLE OF CONTENTS, TO ITW's PROPOSED FINDINGS OF FACT, CONCLUSION -; JUDGMENT, IN ILLINOIS PATENT CASE (ITW v. SOLO)	- p. 11 1. 18-27
C.	(IN ILLINOIS ACTION ITW vs. FOSTER GRANT) PLAINTIFF's MEMO IN OPPOSITION TO DEFENDANT's LEAVE TO FILE ITS ANTI-TRUST COUNTER-CLAIM	- p. 23, 1. 13 to p. 23(a), 1. 25
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I

THE INSTANT COMPLAINT SHOULD NOT BE DISMISSED

Introductory:

The case (ILLINOIS TOOL WORKS, INC. V. SOLO CUP COMPANY) in Illinois is a suit for patent validity and infringement. The instant case (SOLO V. ITW) is an anti-trust suit, charging violations of the Sherman and Clayton Act.

No decision of the Illinois case could possibly be dispositive of this pending California action. The issues being litigated in Illinois are different in kind and in character from those sought to be litigated in California.

A comparison of the pertinent portions of the Illinois and of the California pleadings clearly demonstrates the differentness between the two cases. Nowhere in the Illinois AMENDED ANSWER (Attached as Exhibit "A" hereto) are there any allegations whatsoever charging that ITW acted or conspired in any manner to restrain trade or otherwise violate any Anti-Trust statutes, standards or rules. Solo's Complaint in this California case, on the other hand, deals exclusively or principally with charges that ITW conspired or otherwise acted in specific violation of Anti-Trust Statutes (Sections 1 and 2 of the Sherman Act, and Sections 4 and 16 of the Clayton Act).

On its face, the ITW Illinois Complaint against Solo states:

"1. This action arises under the patent laws of the United States of America and jurisdiction is founded on such laws." (Emphasis added)

Solo's AMENDED ANSWER in Illinois (Exhibit "A" hereto), in summary, merely admits or denies the allegations of patent validity and infringement (Exhibit "A", Pars. 1 through 11); and "further answers" by denying patent validity: for obviousness (Par. 13.), for lack of novelty (Par. 14), for indefiniteness, and inadequacies of disclosure of manner and process of using patent subject matter (Par. 15); by denying enforceability through estoppel related to ITW's proceedings in the Patent Office (pars. 16, 17), through patent acquisition, misconduct and misuse (Par. 18), again denying validity, due to double-patenting (Par. 19), and denying patent enforceability by estoppel through previous litigation (Par. 20).

Solo's "COUNTERCLAIM" (Page 8 of Exhibit "A" hereto) merely seeks declaratory judgment of patent invalidity, noninfringement and unenforceability (Page 9, of Exhibit "A" hereto).

In contrast, Solo's Complaint in the (instant) California action against ITW states:

"1. This action arises under Sections 1 and 2 of the Act of Congress of July 2, 1890, 26 Stat. 209, as amended (the Sherman Act) (15 U. S. C. Secs. 1 and 2), and under Sections 4 and 16 of the Act of Congress of October 15, 1914, 38 Stat. 731, as amended (the Clayton Act) 15 U. S. C.

Secs. 15 and 26. Jurisdiction and venue; founded on the Act of Congress of June 25, 1948; c. 646, 62 Stat. 931 (28 U. S. C. Sec. 1337), and Section 12 of the Act of Congress of October 15, 1914, 38 Stat. 736, (the Clayton Act) (15 U. S. C. Sec. 22)."

The remainder of Solo's Complaint, in summary, identifies the parties and predicates jurisdiction (Pars. 2 and 3), defines the competitive business of the parties concerning the commodities "which are the subject of the hereinafter alleged conspiracy, monopolizing and attempt to monopolize" defines the market therefor, alleges ITW's control of the market, estimates the sales in the market, and ITW's alleged 90% share of the relevant market (pars. 4, 5, 6), alleges facts charging ITW with specific acts constituting violations of the Sherman and Clayton Statutes (Pars. 7 through 30), and alleges damages arising therefrom (Pars. 31 through 33), alleges unfair competition and jurisdiction of that subject matter (COUNT II, Pars. 34 and 35).

A. FINAL JUDGMENT IN THE ILLINOIS CASE WILL NOT CONCLUDE OR DISPOSE OF SOLO'S CALIFORNIA (INSTANT) CASE CLAIMS.

As previously stated, the dissimilarities between (i) the ITW Illinois Complaint, together with Solo's Amended Answer thereto, and (ii) Solo's allegations in the Complaint before this Court, are not only obvious and apparent, but also are significantly gross and sweeping. Nowhere in the Illinois pleadings (Complaint and Amended Answer, Exhibit "A" hereto)

were there alleged or asserted:

- any act or conspiracy on the part of ITW, either alone or in concert with other(s), seeking to unlawfully restrain trade;

- any act or conspiracy to act in violation of the Sherman or Clayton Anti-Trust laws, or their related standards; or

- any demand or quest for any damages, treble or otherwise, arising from any alleged violation of the Anti-Trust Statutes.

Yet, in the instant California action, the Complaint:

- specifically charges ITW with conspiring "to restrain and monopolize interstate commerce . . ." (Complaint, page 3, Par. 8, lines 4, 5);

- specifically charges ITW with embarking upon "an intensive program to obtain patents with which to curtail competition and to control potential competitors in the field of thin-walled disposable plastic cups., and with related acts in restraint of trade, in pursuance of that program" (Complaint, page 3, Par. 9, lines 9 through 19);

- alleges that ITW and Solo are competitors in interstate commerce, in manufacturing and selling "thin-walled disposable plastic cups, which are the subject of the hereinafter alleged conspiracy, monopolizing, and attempt to monopolize."; ITW is one of the largest manufacturers of thin-walled disposable plastic cups for vending use in the United States, and, through its patent licenses with other manufacturers, controls the market for thin-walled disposable plastic cups . . . Solo estimates the "dollar value of the annual sales in the United States of thin-walled disposable plastic cups . . . at more than $50,000,000.00, at wholesale value. . .", and that "ITW and its licensees make about 90% of such sales." (Complaint, page 2, Pars. 4, 5, and 6, lines 8 through 25).

- alleges that "ITW has continuously monopolized and attempted to monopolize interstate trade and commerce in the manufacture and sale of thin-wall disposable plastic cups in violation of Section 2 of the Act of Congress, July 2, 1890, c. 646, 26 Stat. 209, as amended (15 U.S.C. Sec. 2), commonly known as the Sherman Act." (Complaint, page 2, lines 27 through 32);

- alleges, that due to certain overt acts of ITW as set forth in the Complaint, "performed in fur-

therance of its violation of Sections 1 and 2 of the Sherman Act". . . "has been damaged to date in the amount of approximately Three Hundred Thousand Dollars ($300,000.00). Moreover, the Plaintiff Solo believes that it will be irreparably damaged if the defendant ITW, is permitted to continue its attempt to monopolize and to exercise its monopoly power. . . ." (Complaint, page 14, Par. 14, Par. 31, commencing at line 28, and continuing through page 16, Par. 33, line 17);

- in its "Prayer for Relief," prays among other things that "(d) that the plaintiff be awarded Three Hundred Thousand Dollars ($300,000.00) as damages and that said sum be trebled as required by the Clayton Act, to Nine Hundred Thousand Dollars ($900,000.00). . ."

Summarizing, then - it is readily apparent that the very Anti-Trust, restraint of trade, and related issues clearly missing in the Illinois pleadings, are specifically and deliberately contained in the California pleadings. Moreover, no portion of the entire California Complaint is anywhere contained in any of the Illinois pleadings (Complaint, and Amended Answer, Exhibit "A" attached hereto).

Therefore, in the Illinois action as it presently stands before that Court, it is not possible that Solo could recover damages against ITW, treble or otherwise, for Anti-

Trust violations, or for unfair competition. The distinct and separate nature of a patent infringement defendant's defense (even coupled with a counter-claim on the same grounds), from the claim of an alleged infringer when that claim is stated in his role as a plaintiff, in a subsequent action, for Anti-Trust violations is well-recognized. In short, the defense of patent misuse is separate and distinct from a subsequent claim for damages for violation of prohibited monopolistic and restraint of trade principles.

> "That claim for damages is more than a defense; it is a separate statutory cause of action." Mercoid Corporation v. Mid-Continent Inv. Co., 320 U.S. 661, 671; 64 S.Ct. 268, 274 (1944).

Similarly, if not to the same effect is the case of Application of Szwarc, 319 F. 2d 277 (1963). In Szwarc, the issue was whether, under a particular section of the Patent Statute, a given patent application was entitled to the benefit of the filing date of the Appellant's earlier application, and connectedly, whether the doctrine of res judicata was applicable. In pertinent portion, Szwarc, in citing and quoting excerpts from Commissioner v. Sunnen, 333 U.S. 591, at 597-598; 68 S.Ct. 715 at 719 states, in part:

> "But where the second action between the same parties is upon a different cause or demand, the principle of res judicata is applied much more narrowly. In this situation, the judgment in the prior action operates as an estoppel not as

to matters which might have been litigated and determined, but 'only as to those matters in issue or points controverted, upon the determination of which the finding or verdict was rendered.' (Citing Cromwell v. County of Sac, 94 U.S. 351; 24 L.Ed. 195; Russell v. Place, 94 U.S. 606; 24 L.Ed. 214; Southern Pacific R. Co. v. United States, 168 U.S. 1, 48; 18 S.Ct. 18); Mercoid Corp. v. Mid-Continent, 320 U.S. 661, 671; 64 S.Ct.' 'Since the cause of action involved in the second proceeding is not swallowed by the judgment in the prior suit, the parties are free to litigate points which were not at issue in the first proceeding, even though such points might have been tendered and decided at that time. . .'"

In Szwarc, the court, having made reference to foregoing authorities, with respect to their content concludes:

"Having in mind the above stated distinctions between res judicata by bar and estoppel by judgment or collateral estoppel and applying it to the present case, we find that the present record presents a different cause or demand than the cause or demand litigated in the Petro Carbon case." Szwarc, 319 F.2d 277, 281. To the same effect see Forrest Village Apartments, Inc. v. United States, 371 F.2d 500, 503 (1967) in turn citing Mercoid Corp. v. Mid Continent, 320 U.S. 661, 671. (Other citations

omitted).

Obviously, the claims of Solo asserted in its California Complaint are distinct and different from those dealt with in the Illinois action. Similarly, it is obvious that nowhere in the Illinois action does the issue of whether or not ITW violated any Anti-Trust law, pled, litigated, or even mentioned; nor was the issue of whether or not ITW violated principles of unfair competition, pled, litigated or mentioned.

In order to have raised and litigated Anti-Trust issues, at least the following elements would have had to be pleaded and considered, if not totally and finally decided, as well:

(a) The so-called "relevant market,"

(b) The overt act or acts by which the monopolistic effort or efforts was or were made,

(c) A description and delineation of damages resulting from the imposition of the overt acts upon the relevant market.

The indispensability of at least these three elements of a suit or cause of action complaining of monopoly under Anti-Trust Act is well recognized.

"To establish monopolization or attempt to monopolize a part of trade or commerce under Sec. 2 of the Sherman Act, it would then be necessary to appraise the exclusionary power of the illegal patent claim in terms of the relevant market for the product involved. Without a definition of that market there is no way to

measure "Food Machinery's ability to lessen or destroy competition." Walker Process Equipment v. Food Machinery Corp., 382 U.S. 172, 177; 86 S.Ct. 347, 350 (1965).

In its Memorandum of Points and Authorities in support of its Motion to Dismiss, ITW refers with much emphasis to the content of the Trial Brief of Solo, filed prior to trial, in the Chicago action. In its Memorandum of Points and Authorities, ITW here makes a "side-by-side comparison of Plaintiff's Complaint with its Trial Brief in the Chicago case . . . demonstrates beyond all doubt that the factual allegations contained in each document are identical 'word for word'" (Memorandum of Points and Authorities in Support of Defendant Illinois Tool Works' Motions . . . page 4, lines 14 through 18). The so-called "side-by-side" comparison is actually made in its Memorandum of Points and Authorities, by Defendant ITW.

But for what meaningful purpose? It would appear that Defendant Illinois Tool Works would be urging upon this Court the proposition that the issues before the Illinois Court are in part or otherwise framed by the Trial Brief of one of the litigants. Such a proposition is plainly not the applicable law.

The United States Supreme Court has stated:

> "In other words, to determine the effect of a former judgment pleaded as an estoppel, two questions must be answered: (1) Was the former judgment rendered on the same cause of action? (2) If not, was some matter litigated in the former suit determinative of a matter in controversy

in the second suit? To answer these questions, we must look to the pleadings making the issues . . ." (Emphasis added) United Shoe Machinery Corporation, et al v. United States, 258 U.S. 451, 459; 42 Sup. Ct. 363, 366.

To the same effect is Nelson v. Swing-a-Way, 266 Fed. 2d 184 (1959), wherein it was stated:

> "In determining the effect of a former judgment pleaded as an estoppel, when the former judgment was not entered upon the same cause of action, the question is whether an issue litigated in the earlier suit is determinative of some matter in controversy in the later suit. To answer this question, 'we must look to the pleadings making the issues, and examine the record to determine the questions essential to the decision of the former controversy.' (Emphasis added) United Shoe Machinery Corporation v. United States, 258 U.S. 451, 459; 42 S.Ct. 363, 366; 66 L.Ed. 708 . . . ."

The Defendant herein, ITW, itself takes the position in and with respect to the Illinois action in all respects, as one dealing only with alleged patent validity and infringement. In that action ITW has filed its "Proposed Findings of Fact, Proposed Conclusions of Law, and Proposed Judgment Order." For brevity, only the Table of Contents of the printed 75-page "Proposed Findings . . ." is attached hereto as Exhibit "B". Interestingly enough, in all of the 75 pages that comprise ITW's "Proposed

Findings, etc.," there is no reference of any kind or in any degree to the presence of any Anti-Trust or unfair competition issue, or to any connected patent mis-use, or a request for Findings or Conclusions related to any of these claims or issues.

B. PLAINTIFF SOLO'S CLAIMS IN THIS CASE ARE NOT COMPULSORY COUNTER-CLAIMS TO THE CHICAGO LITIGATION

1. There are, it is true, as ITW asserts in its Memorandum (Page 8, lines 8 through 21) generally accepted factors utilized or considered in determining whether a Counter-Claim is permissive or compulsory. In the interests of economy of time, no further reference is made to this more-or-less undisputed rule or set of principles.

2. On the other hand, the general principles comprising the rule referred to in paragraph 1 immediately above, are susceptible to a specific exception which is necessarily applicable in the instant case with which we are concerned. But whether the applicable rule be considered as an exception, or a rule quite independent of, and leading to an opposite conclusion than that of the "compulsory counter-claim" principle, is of no moment. Thus, whether an "exception" or simply a "different rule," it has been specifically held that an Anti-Trust claim is not a compulsory counter-claim to a patent infringement action, even though the Anti-Trust claim, and the infringement action, are both concerned with the same patent or patents.

As stated in Wright and Miller, Federal Practice and Procedure, §1412 at page 61, :

> "In addition to the exceptions specifically set forth in Rule 13(a) (we are not here concerned with these exceptions) further limitations on the compulsory counterclaim rule have been created by the courts. As a result, a counterclaim for treble damages for unfair competition under the Clayton or Robinson-Patman Acts may not be compulsory in an action for patent infringement. Even if the monopolistic practices alleged in the claim involved the use of the patent upon which plaintiff is suing, the failure to interpose it as a counterclaim will not bar defendant from asserting the claim in a future action. This exception to Rule 13(a) stems from language in the Supreme Court's Opinion in Mercoid Corporation vs. Mid-Continent Investment Co. In that case, a patent infringement action, defendant Mercoid, attempted to counterclaim for treble damages under Section 4 of the Clayton Act and plaintiff objected that the counterclaim had not been interposed in an earlier action on the patent and therefore could no longer be asserted. The Supreme Court rejected this argument, emphasizing that the counterclaim was a separate statutory cause of action, and characterizing it as permissive under Rule 13(b)."
> (Wright and Miller. Federal Practice and Procedure, §1412, page 61).

The Rule laid down in Mercoid is simple. An Anti-Trust action is not a compulsory counterclaim to a patent infringement action; it is a permissive one. In Mercoid, the United States Supreme Court said:

> "Though Mercoid were barred in the present case from asserting any defense which might have been interposed in the earlier litigation, it would not follow that its counterclaim for damages would likewise be barred. That claim for damages is more than a defense; it is a separate statutory cause of action. The fact that it might have been asserted as a counterclaim in the prior suit by reason of Rule 13(b) of the Rules of Civil Procedure, 28 U. S. C. A. following section 723c, does not mean that the failure to do so renders the prior judgment res judicata as respects it. Virginia-Carolina Chemical Co. v. Kirven, 215 U. S. 252, 30 S. Ct. 78, 54 L. Ed. 179; Larsen v. Northland Transportation Co., 292 U. S. 20, 54 S. Ct. 584, L. Ed. 1096. And see Scott, Collateral Estoppel by Judgment, 56 Harv. L. Rev. 1, 26-28; Restatement of the Law of Judgments, §58." Mercoid Corporation vs. Mid-Continent Inv. Co., 320 U. S. 661, 671; 64 S. Ct. 268, 274.

Although ITW in its memo of Points and Authorities filed herein (page 10, lines 10 through 25 thereof) argues that Mercoid was based on facts dissimilar to ours, that the pertinent portions of its decision were dicta, and that the

rule of Mercoid has been referred to as "unfortunate" or has been "disregarded," even the most cursory investigation and consideration demonstrates the contrary.

Although ITW states (Memorandum, line 13, page 10 thereof) "In Mercoid, unlike this case, the party pleading the alleged Anti-Trust claim was not a party to the earlier case, and thus, unlike Solo, could not possibly be barred by the doctrine of res judicata or in any sense be considered to have had the opportunity to plead any claims in the earlier proceeding," the Court in the Mercoid decision itself, stated otherwise, thusly:

> "They (respondents) state, and the District Court found, that although Mercoid was not made a party to the earlier suit, it provided the defense . . . ." ". . . We assume that they are correct. . . ." Mercoid, supra, 320 US 669.

Contrary to the assertion made by ITW in its Memorandum, (page 10, lines 21 and 22 respectively) that the rule of Mercoid has been "unfortunate" and "disregarded," Mercoid is and has been the rule since 1944 and must be followed in cases involving the same or similar facts.

> ". . . although one court went so far as to read it (Mercoid) as establishing a general proposition that Rule 13(a) does not apply to claims arising out of the Anti-Trust laws and another court has held that statutory claims need not be pleaded, most courts have interpreted the opinion

more restrictively. As stated by the F. 2d Circuit in the United States vs. Eastport Steamship Corporation: 'In view of the criticism which the decision has received and the failure of the Court to discuss the principles upon which the decision rests, we think that Mercoid cannot be taken as precedent for other than its own limited facts.' Most frequently, therefore, the Mercoid holding has been limited to patent cases and to counterclaims for treble damages for unfair competition or for misuse of the patent in violation of an anti-monopoly statute. Thus restricted or even extended to counterclaims involving an important 'public interest,' Mercoid should produce little or no confusion in the practice under Rule 13." Wright & Miller; Federal Practice and Procedure, Section 1412, page 63-64.

Plaintiff Solo does not here urge or propose that this Court read Mercoid as broadly as some courts have done, Canned Foods, Inc. vs. U.S. (1956) 146 F. Supp. 470, 135 Ct. Cl. 862; Reagan vs. Commonwealth Theaters of Puerto Rico, Inc. (1969) 300 F. Supp. 676, but merely that this Court should follow Mercoid by applying it in the same or similar fact situations as that or those in which it was originally decided. The instant case before this Court is, like was the situation at the time of the Mercoid decision, a case in which the subsequent action of Solo in California is a suit for Anti-Trust violations, whilst the prior or earlier action in Illinois was a suit against Solo (by ITW) purely for patent validity establishment, and for infringement

thereof.

Moreover, it is manifest that the Mercoid, at least in its more restrictive meaning or sense must be applied as controlling law. Interestingly enough, in the very district in which the Illinois case is and has been pedning, and in the same division thereof (USDC, in N. D. Ill., E. D.) which is the same division and district to which ITW (Defendant herein) would have this case transferred, it has been decided (1948) that in a separate and subsequent Anti-Trust action, following an earlier patent infringement suit, that the principle and rule of Mercoid is applicable and controlling. In Douglas vs. Wisconsin Alumni, D. C. Ill., 81 F. Supp. 167, after severe criticism of Mercoid the court stated:

> "Although this Court may not concur with the conclusion reached by the Supreme Court, it is nevertheless bound by the rule declared therein. The statement contained in the Mercoid case that 'the fact that it might have been asserted as a counterclaim in the prior suit by reason of Rule 13(b) of the Rules of Civil Procedure, 28 USCA does not mean that the failure to do so renders the prior judgment res judicata as respects it,' appears almost too casually interjected; but its presence still results in the establishment of a rule of law. Apparently, it was the intention of the Supreme Court to remove this particular type of counterclaim from the dictates of Rule 13(a) in the interest of public policy." (Emphasis added).

To the same effect,

> "However much criticized, it cannot be doubted that Mercoid Corp. v. Mid-Continent Inv. Co., supra, is controlling authority that a counterclaim made under such circumstances is only a "permissive" one which is not barred for failure to assert it in the prior action for patent infringement. Cf. Switzer Brothers v. Locklin, 7 Cir., 207 F. 2d 483; Douglas v. Wisconsin Alumni Research Foundation, D. C., 81 F. Supp. 167, 170. In the Douglas case the court said: 'Apparently it was the intention of the Supreme Court to remove this particular type of counterclaim from the dictates of Rule 13(a) in the interest of public policy.' This is not necessarily so. A claim for treble damages under the Sherman Act is separate and distinct from any transaction that is involved in an infringement suit, and, being so, it is a permissible counterclaim, by classification under Rule 13(b), which is not lost if not asserted in the infringement action, even if then subsisting." Gaswint v. Clapper (1955) 17 F. R. D. 309, 313.

ITW cites in its Memorandum various cases in purported furtherance of the proposition that an Anti-Trust claim is a compulsory counterclaim to a patent infringement suit. ITW cites the case of Hancock Oil Co. v. Universal Oil Products Co., (9 Cir., 1940), 115 F. 2d 45, 47 Cert. denied, 314 U. S. 666 (1941), which

does stand for generally such a proposition. But Hancock is by no means existing law. The decision is antedated. Mercoid, supra, decided in 1944, by the United States Supreme Court, to the direct opposite effect, and thus controlling.

Defendant ITW also cites Ronson Patents Corp. v. Sparklets Devices, Inc., (E. D. Mo. 1951) 102 F. Supp. 123, in support of ITW's position regarding compulsory counterclaim. In Ronson, the court merely held that a defendant in a patent infringement case should be permitted to amend its previous answer by pleading a counterclaim for Anti-Trust violations, even though the proferred amendment was made or lodged merely a few days before trial. The principle issue there was the question of timeliness. In Ronson, the court's statement that the late filing of the Anti-Trust counterclaim should be permitted (by way of amendment) because it was a compulsory counterclaim, was a gratuitous and unnecessary statement, also without authority. Such a conclusion (the compulsory nature of the counterclaim) was not necessary in order for the court to there exercise its discretion to permit leave to amend the answer and to counterclaim for Anti-Trust violations. Such authority was purely within the court's discretion, albeit exercised without any reference to the compulsory character of the counterclaim, since the same discretion could have been exercised in the same way with reference to the permissive nature of such counterclaim.

ITW further cites Libbey-Owens-Ford Glass Co. v. Sylvania Industrial Corp. (1946) 154 F. 2d 814. In this case, the facts and procedural position were such that the primary issue before the court was not the question of whether or not

a given and possible counterclaim was either compulsory or permissive. The question was rather an order made upon motion, dismissing a defense or portion of the answer alleging Anti-Trust violations, was in itself an appealable order, although interlocutory, or whether the appeal only would lie after judgment.

Finally, in its effort to undermine and attack the meaning and applicability of the principle of Mercoid, supra, ITW cites United States v. Eastport Steamship Corp., (2nd Cir., 1958) 255 F. 2d 795. Eastport merely held that the government's claim for additional charter hire was a compulsory counterclaim to the charter's demand for interest. The Circuit Court of Appeals in that case refused to extend Mercoid's doctrine to cover this particular fact situation, but chose rather to restrict the applicability of Mercoid to "its own limited facts" (255 Fed. 2d 795, 805). Thus, Eastport does not at all disturb the position of Solo, since the restricted view of Mercoid adopted by Eastport is consistent with the position taken by Solo Cup as stated above.

C. SOLO IS ENTITLED TO AND HAS HERE (CALIFORNIA) DEMANDED A JURY TRIAL ON ANTI-TRUST ISSUES.

In Illinois, the jury trial was not available and granted to Solo. The right to a trial by jury on Anti-Trust issues is an extremely important element of the Congressional plan to protect the general public against the evil of monopolistic practices. As stated in Beacon Theaters, Inc. v. Westover, 359 US 500, 504:

"The right to trial by jury applies to treble damage suits under the Anti-Trust laws, and is, in fact, an essential part of the Congressional plan for making competition rather than monopoly the rule of trade."

Also, at page 501:

"Any seeming curtailment of the right to a jury trial should be scrutinized with the utmost care."

Thus, Beacon on its facts stands for the proposition that only under the most imperative circumstances can the right to a jury trial of legal issues be lost through prior determination of equitable claims.

In Mack-Tronics, Incorporated v. Zirpole, 316 F. 2d 820 at 828 (9th Cir., 1963), a writ of mandamus issued to correct an abuse of discretion, where a district court judge issued an order staying an Anti-Trust action (jury trial) before him to await the outcome of a prior commenced unfair competition action tried without a jury in a state court. The court stated at 829: "We note that the final outcome of all this litigation is going to turn on findings of fact which . . . should come from a jury verdict. . ."

D. SOLO'S BRINGING THIS INSTANT ANTI-TRUST VIOLATION SUIT AS A SEPARATE ACTION (INSTEAD OF AS A COUNTERCLAIM IN THE ILLINOIS ACTION) WORKS NO HARDSHIP ON ITW.

It is well established that had the Anti-

Trust violations charged by Solo been incorporated in counterclaims in the Illinois action, would have been triable separately from the trial of the issues of patent validity and infringement, upon Solo's application.

As stated in Components, Inc. v. Western Electric Company, 318 F. Supp. 959, 965 (1970):

> "Rule 42(b) provides:
> Separate Trials. The court, in furtherance of convenience or to avoid prejudice, or when separate trials will be conducive to expedition and economy, may order a separate trial of any claim, cross-claim, counterclaim, or third-party claim, or of any separate issue or any number of claims, cross-claims, counterclaims, third-party claims, or issues, always preserving inviolate the right of trial by jury as declared by the Seventh Amendment to the Constitution or as given by a statute of the United States.
>
> "Rule 42(b) gives the trial court broad discretion in the matter of ordering separate trials, and there is no doubt of the Court's power to do so in the circumstances here presented. 3A Moore's Federal Practice Par. 21.05 at 2910 (2d ed. 1968); 5 Moore's Federal Practice Par. 42.03 at 42-25 and 26 n. 4 (2d ed. 1969). Pursuant to Rule 42(b) the courts have frequently found it to be in the interest of economy and convenience, both to the court and to the parties, and in furtherance of the most expeditious disposition of com-

plex litigation of this kind, to sever the antitrust and misuse issues from the issues of validity and infringement, and to stay discovery and trial of the antitrust and misuse issues until after the trial of the issues of validity and infringement. E. g., Metal Film Co. v. Metlon Corp., 272 F. Supp. 64 (S. D. N. Y. 1967); Henan Oil Tools, Inc. v. Engineering Enterprises, Inc., 262 F. Supp. 629 (S. D. Tex. 1966); Fischer & Porter Co. v. Sheffield Corp. v. Monsanto Chemical Co., 27 F. R. D. 482 (S. D. N. Y. 1961); Zenith Radio Corp. v. Radio Corp. of America, 106 F. Supp. 561, 575-577 (D. Del. 1952); Container Co. v. Carpenter Container Corp., 9 F. R. D. 89 (D. Del. 1949). But cf. General Telephone & Electronics Laboratories, Inc. v. National Video Corp., 297 F. Supp. 981, 982-983 (N. D. Ill. 1968). As the Attorney General's National Committee to Study the Anti-trust Laws recommended;

'Further, in any patent infringement suit in which antitrust violation is the basis of defense, or counterclaims, the court, pursuant to Rule 42(b) of the Federal Rules of Civil Procedure, should order separate trials of the antitrust issues and the patent issues. Separation may be essential not only "in furtherance of convenience and to avoid prejudice" but also "to serve the ends of justice." Report, p. 249 (1955).'"

The court in Components, further stated:

"Plaintiff has demanded and is entitled to a jury trial of the anti-trust claims of Count One of the amended complaint, but not of the patent issues in Count Two, which will be triable to the Court. The evidence relating to invalidity and non-infringement will be irrelevant insofar as the jury is concerned, and a joint trial would but serve to confuse the jury by introducing issues which are not necessary to its determination. A joint trial under these circumstances would only result in confusion, difficulty, and possible prejudice, as well as a waste of jury time. Transmirra Products Corp. v. Monsanto Chemical Co., supra, 27 F. R. D. at 483."

E. ITW ITSELF, IN SAME SITUATION IN ANOTHER ILLINOIS ACTION, MAINTAINED SEPARATENESS OF PATENT SUIT, AS DISTINCT FROM ANTI-TRUST SUIT, FOR COUNTER-CLAIM PURPOSES

In an action pending in (the same) Northern District (Eastern Division) Illinois, ITW (suing Foster-Grant Co., Inc. for patent infringement) took the exact opposite position than that taken here.

ITW opposed Foster-Grant's effort there, to procure leave to file an Anti-Trust Counter-claim, urging these reasons:

- Plaintiff (ITW objects to "having an anti-trust action grafted onto what

is basically and primarily a patent infringement action"

(Page 1, Exhibit "C" attached hereto)

- "Unquestionably, the presence to anti-trust issues in the present lawsuit would add ponderous and highly complex economic anti-trust legal issues and would introduce extensive discovery proceedings, most of which would be wholly extraneous to the present patent-related issues. . ."

(Page 2, Exhibit "C", attached hereto)

- "The anti-trust counterclaim is not compulsory, under Rule 13. Mercoid v. Mid-Continent Co., 320 U.S. 661 (1944)."

(Note 1, P. 2, Exhibit "C", attached hereto)

- An antitrust counterclaim amounts "to a separate and distinct claim which must be decided on the basis of legal considerations well beyond those involved in an ordinary patent suit. Suehle v. Markena Machine Co., 38 F. R. D. 69 177-178 (1965), which held that in addition to actual fraud, the 'relevant market' must be established upon which must be appraised plaintiff's power to exclude . . ."

(Page 3, Exhibit "C" attached)

- "These [legal considerations including the guidelines for determining extent of market in which plaintiff's patented devices compete, the degree of cross-elasticity of demand, (availability of effective substitutes), and the applicability, if any, of sub-market theories . . . . .] are legal issues which would require extensive time and effort to establish supporting and opposing viewpoints, and are wholly extraneous to the patent issues of the case as now structured." (Emphasis added)

(Page 3, Exhibit "C" attached)

- "The proper place for the defendant's anti-trust excursion lies in a separate lawsuit, or in a separate deferred trial after the patent issues have been resolved in the current litigation." (Emphasis added)

(Page 8, Exhibit "C" attached)

Moreover, in that patent case, the Court (Hon. Bernard Decker) decided the question in favor of ITW, i.e. denied Foster-Grant's Motion for leave "amend its counterclaim to include the antitrust violation."

"The counterclaim alleges a conspiracy between ITW and certain others, not parties to this litigation, to monopolize trade in certain types of containers. The effect of

permitting the amendment would be to enlarge the scope of the litigation and to inject a whole new set of issues affecting not only ITW but its licensees as well. Thus, the occurrences giving rise to the patent infringement claim are distinct events with few, if any, facts in common with the antitrust claim. The legal theories are likewise dissimilar. See American Airlines, Inc. v. Transport Workers Union, 44 F. R. D. 236, 238 (N. D. Okla. 1968). The proposed antitrust counterclaim is permissive in nature. F. R. Civ. P §13(b); cf. Chance v. County Board of School Trustees of McHenry Co., Ill., 332 F. 2d 971, 973 (7th Cir. 1964). Hence, this is a proper case for Foster to bring its antitrust claim in an independent suit." (Page 4, Exhibit "D", Memorandum Opinion, attached hereto)

II

THIS CASE SHOULD NOT BE TRANSFERRED TO THE NORTHERN DISTRICT OF ILLINOIS

As noted by ITW (Memorandum), the inquiries pertinent to changing venue under §1404(a) are:

> "(A) The 'convenience of parties', (B) the 'convenience of witnesses', and (C) the 'interest of justice'."

(A) THE CONVENIENCE OF PARTIES

The primary concern of Solo in seeking California venue is "the interest of justice" (discussed in detail below); Solo accepts any resultant inconvenience to itself or its witnesses.

Additionally, Solo seeks to retain venue in California because its President and chief executive is located in Los Angeles, as is Solo's West-Coast district sales office (Flannery Affidavit Par. 6). Solo also has a manufacturing plant and warehouse in California (Flannery Affidavit, Par. 6).

But the division of ITW most clearly associated with the subject matter of this litigation has a manufacturing plant, warehouse and office in Santa Fe Springs, California, which is in the Central District of California, and ITW also has another plant in Burbank, California (Flannery Affidavit, Par. 7).

The pertinent considerations, however, in determining the convenience of the parties, although perhaps, somewhat paraphrased by ITW in its Memorandum (Memorandum p. 13, lines 17-23) include plaintiff's choice of forum. Indeed it has been said:

> "unless the balance is strongly in favor of the defendant, the plaintiff's choice of forum should rarely be disturbed."
> Gulf Oil Corp. v. Gilbert, 330 U.S. 501, 508; 67 S.Ct. 839, 843.

This may be especially true in anti-trust litigation since Par. 12 of the Clayton Act allows such a wide choice of forum. As was

said in Pacific Car and Forwarding Company v. Pence, 403 F. 2d 949 (1968):

> "There can be no doubt that in antitrust cases the plaintiff is given a wide choice of forum. This is made clear by the language of §12 of the Clayton Act (footnote 2, supra), and the construction judicially placed on the words 'transacts business.' That language is given a broader meaning than has traditionally been given the 'engaging in business' articulation of presence within a state. The words are to be taken in the 'ordinary and usual sense' in which they may be used in the business world. Eastman Kodak Co. v. Southern Photo Materials Co., 273 U.S. 359, 47 S.Ct. 400, 71 L.Ed. 684 (1927). They are intended to substitute 'practical business conceptions for the previous hair-splitting legal technicalities.' United States v. Scophony Corp., 333 U.S. 795, 808, 68 S.Ct. 855, 862, 92 L. Ed. 1091 (1948). Courts of appeals have refined the concept. A corporation can transact business without ever entering a state; without having salesmen or agents present there. Artful arrangements such as the geography of minute incidents of contracting (e.g., designation of place of title transfer) do not alter the substance of relationships. If the corporation in a practical business sense has business within the state it may be said to be in business there." 403 F. 2d 949, 953.

Section 12 of the Clayton Act clearly provides:

> "Any suit, action, or proceeding under the antitrust laws against a corporation may be brought not only in the judicial district whereof it is an inhabitant, but also in any district wherein it may be found or transacts business; and all process in such cases may be served in the district of which it is an inhabitant, or wherever it may be found." 15 U. S. C. A. §22

Although ITW in its Memorandum in support of change of venue states an extensive and impressive list of reasons (pages 14 to 23, inclusive) why Illinois is the most convenient forum for adjudication of the instant action, substantially the same enumeration has been submitted in two Affidavits (herein "prior affidavits") by Mr. Beart filed in two other prior actions (Flannery Affidavit, Par. 3 and Exhibit "A" and "B" thereto) and have proved to be largely exaggerated or wholly non-existent.

1. Employees and Patent Counsel as Witnesses:

ITW states that it contemplates calling three "key" employees as witnesses. These are Silas S. Cathcart, Robert W. Beart, and Bryan Edward (Memorandum, P. 14, lines 1-16). Mr. Edwards has been called in prior cases as an expert witness (Flannery Affidavit, Par. 11), and his convenience is therefore of "little or no significance," Wilbau Westdentsche Industrie v. American Hoist & Derrick Co., 293 F. Supp. 273, 275 (S. D. N. Y., 1968); Patterson v. Louisville & Nashville R. R. Co., 182 F. Supp.

95, 98 (S. D. Ind., 1960). Mr. Edwards has travelled as far as London, England in the past to enforce ITW's corresponding British patent.

Mr. Edwards testified in his deposition on March 26, 1972, as follows:

"BY MR. COOK: You mean every cup we ever shook is relevant?

"BY MR. FLANNERY: No; tests made on cups.

"Q Do you recall the results of the tests on the English made cups?

"A We merely showed that they were resilient, and one machine was left there in England and when I came back from England I built another shaker to be used here.

"Q Could you elaborate on that, Mr. Edwards? Were you over in England in connection with the Autobar litigation?

"A I don't know what litigation it was. I was never in court over there.

"Q Were you there during the trial of that case?

"A No, sir, I was not.

"Q Were you there before the trial?

"A I don't know. I was there before some trial, but I wasn't there -- I don't know whether it was Autobar or what.

"Q How long prior to the trial were you there?

"A I don't know. I don't recall that at this time.

"Q A month, two months?

"A (No response.)

"Q When were you in England, Mr. Edwards?

"A A year or two years ago. I don't know.

"BY MR. COOK: Mr. Flannery, you have to admit that I have been most patient during this fishing expedition, but

"BY MR. FLANNERY: Which is unusual.

"BY MR. COOK: These answers have confirmed my suspicions that this is a totally irrelevant line of inquiry, and in the spirit of trying to stay within the general framework of the issues of this lawsuit I think you should try to restrict your questions to this subject.

"A I could look up my shop record and tell you, but I don't know offhand.

"BY MR. FLANNERY:

"Q It could have been a year or two years ago, is that correct?

"A At least.

"Q At least?

"A At least.

"Q I mean it could be at least two years ago?

"A I believe so.

"Q How many times have you been in England, Mr. Edwards?

"BY MR. FLANNERY:

"Q Mr. Edwards, did you bring one of these shaker machines over to England with you or did you build one over there?

"A We took one over or shipped it over. Shipped one over, I should say.

"Q And then you built a second one here in the United States, is that correct?

"A Yes, sir, we did.

"Q And did you have more than two?

"A I only made two.

"Q Do you know of anyone else testing any other"

Mr. Beart, in prior cases, has been one of the trial counsel for ITW (Flannery Affidavit, Par. 11). His inconvenience is therefore of no materiality since "Section 1404(a) makes no

provision for the convenience of counsel." Henderson v. American Airlines, 91 F. Supp. 191, 193. See also United States v. Scott & Williams, D. C. 1950, 88 F. Supp. 531

Mr. Cathcart, although designated by ITW as its intended witness in both prior affidavits, has never been called by ITW as a suppor witness, but has been called only as an adverse witness, along with Mr. Beart, by Solo in the ITW v. Solo - Chicago trial (Flannery Affidavit, Pars. 8 and 9).

2. Documents and Exhibits

Mr. Beart, in both prior affidavits, and in his affidavit in the instant action, avers that there is a vast array of documents and over 400 physical exhibits and specimens, many of which are "one-of-a-kind" items (Beart Affidavit, Pars. 8-11); Memorandum, p. 15, lines 6-26; (Flannery Affidavit, Par. 10). The documents from the ITW files produced during the Chicago litigation against Solo, however, after exclusion of the Sweetheart and Continental Can documents, trial transcripts, and depositions, "would barely fill one file drawer" (Flannery Affidavit, Pars. 10 & 13). Moreover, these documents and exhibits were quite mobile in the past when ITW desired their presence in distant locations, and are portable and conveniently moveable. (Please see May 3, 1973 Affidavit of Rosenthal here, p. 2,line 12 through p. 3, line 9.

3. Expenses

Both parties to this litigation are corporations with more than ample means to litigate this action in the Central District of California. Certainly, the fact that ITW has

an office in Santa Fe Springs, California, would indicate that any employees who were required to be present or participate in a trial here could have convenient access to the Santa Fe Springs office, should he require it in the discharge of his duties while absent from Chicago.

As was stated in United States v. Scott & Williams, supra:

> "The Boston counsel for Scott & Williams, in one of the moving affidavits, estimates that the trial of this action may require more than a month. This is not an unduly long time for trial in the Federal Court; furthermore, the principal witnesses for the defendants will not testify simultaneously. Scott & Williams has an office in New York, and the officers of Scott & Williams can use that office while in New York for the transaction of the company's business." 88 F. Supp. 531, 534.

The fact that ITW may incur some additional expense to hire outside counsel is of little moment, and is certainly not controlling. The contention that ITW's Chicago counsel are thoroughly familiar with the patents in question and the facts and issues of law raised in the complaint here (Memorandum, p. 16, lines 16-20) is of limited importance, since the issues, as already conclusively shown (See IA above) are different in the instant complaint than in Chicago. Solo is here concerned with acts between ITW and others, including Dow, to restrain trade and create a monopoly both through the use of patents and otherwise. A knowledge of the

patent validity and infringement issues will be of little help to ITW counsel in defending ITW against charge of conspiracies, illegal Anti-Trust agreements and unlawful business practices which have injured Solo in its attempt to complete in a free-enterprise system.

4. Parties' Contact with California Forum:

Admittedly both ITW and Solo have major contacts with Illinois; both, however, also have substantial contacts with California. Moreover, the basis of this action is anti-trust violations, which by their very nature tend to be non-local matters, especially when committed by an international corporation like ITW. Acts committed, people involved, and certainly the ramifications and damages caused thereby, cannot be tied to any single location. The issues here are at least national, and possibly international in scope and there determination is in the public's interest as well as the parties directly involved. In these respects, the instant action is just as important to California as it is to Illinois.

As the court said in United States v. Scott & Williams, supra:

> "Another factor to be considered is that in antitrust cases the violations charged are commonly nationwide in scope and impact. The present action, as shown by nature of the charges made in the complaint, is a case of national significance, rather than the localized one, which defendants' counsel contends it is. The complaint alleges that the

> corporate defendant controls eighty-five per cent of the production and sale of seamless hosiery knitting mills in various parts of the United States, most of which are actual or prospective purchasers of defendant Scott & Williams' products. Surely, then, it cannot truly be said that there is little interest in this action outside of the District of Massachusetts. That the controversy is not a local one is a factor which must weight heavily in the decision of this Court." [Emphasis added] 88 F. Supp. 531, 534.

Furthermore, not only might the public interest be best served by keeping this action in California, but it may well be of paramount importance in retaining public confidence in our system of justice, to litigate this action outside of the Northern District of Illinois (see (C) - THE INTEREST OF JUSTICE, infra).

5. Solo's Choice of Forum.

As previously stated, Solo has ample reasons for choosing the California forum, and accepts willingly and knowingly any inconvenience which it or its witnesses might incur as a result of that choice.

Moreover, the choice of forum by a Plaintiff (such as Solo here) in an Anti-trust violation case, appears to be entitled to even more weight than in other actions which are not as thoroughly imbued with the "public interest" as are anti-trust matters.

In United States v. Scott & Williams, supra, the court stated:

> "In evaluating the public interest in a transfer of this action, weight must be given to the venue privilege afforded plaintiff by the antitrust laws. Section 12 of the Clayton Act, 15 USCA Section 22, provides that: 'Any suit, action, or proceeding under the anti-trust laws against a corporation may be brought not only in the judicial district whereof it is an inhabitant, but also in any district wherein it may be found or transacts business. . . .'
>
> "That special venue statutes has not been repealed by the enactment of Section 1404(a), cf. Ex Parts Collett [1949; 337 U.S. 55, 57-58, 69 S.Ct. 944, 959], and it is only abuses of these special venue privilege which Section 1404(a) purports to correct." (Emphasis not added).

Although admittedly plaintiff's choice is not the final word, it should not be disturbed unless the balance is strongly in favor of Defendant. Plaintiff Solo contends that such a burden is not here met by ITW. Further, any factors which ITW urges the court to consider should be viewed in light of ITW's past exaggerations, if not totally ignored because of ITW's inequitable and improper conduct, and lack of fair play, discussed under (C) below.

B. THE CONVENIENCE OF WITNESSES

As in both prior affidavits, Mr. Beart states

that ITW intends to call Grant Cheney N. Jerome Rudy, William C. Goggin, Mr. Faubian, and Mr. Calvin A. Campbell, all of the Midland, Michigan area (Beart Affidavit, Par. 6); Memorandum, p. 19, lines 24-29). These witnesses are all former or present employees of Dow Chemical Company and are located more than 100 miles from Chicago. Therefore, they could not be compelled to testify at trial in Chicago. (Flannery Affidavit, Par. 11) (See 15 U. S. C. A. §23).

Mr. Beart also avers that Messrs. Hume, Cook, Trexler, Olson and Walters have some particular knowledge concerning the patents (Beart Affidavit, Par. 7). Messrs. Hume, Cook, and Trexler acted as trial counsel for ITW in prior litigation and Messrs. Olson and Wolters have already had their depositions taken and both have stated that they remembered very little about the patents in question (Flannery Affidavit, Par. 12). Furthermore, all of these people (Hume, Cook, Trexler, Olson, Wolters) were similarly mentioned as having some particular knowledge concerning the patents in suit in the ITW v. Solo Chicago Beart Affidavit, and all but Mr. Wolters in the Sweetheart Beart Affidavit. None of these persons, however, were called as witnesses during those trials (Flannery Affidavit, Pars. 8 and 9).

Neither Mr. Beart in this present Affidavit, nor ITW in its Memorandum, mentions that ITW intends to call Mr. Welshon as a witness. Although it may not be quite proper to speculate on such matters, Mr. Welshon has testified in three prior trials involving the patents in suit about the initial marketing and planning phases of the container program of ITW. Mr. Welshon

lives in Denver, Colorado which is closer to Los Angeles than to Chicago (Flannery Affidavit, Par. 14).

It is obvious that ITW has greatly exaggerated the inconvenience to its "witnesses," if not tried to wholly mislead the court. This bears out the Supreme Court's observation in Gulf Oil Corp. v. Gilbert, supra, that

> ". . . litigants generally manage to try their cases with fewer witnesses than they predict in such motions as this." 330 U.S. 501, 511.

C. THE INTERESTS OF JUSTICE REQUIRE THAT THIS CASE BE NOT TRANSFERRED

1. UNCLEAN HANDS OF ITW IN DEALING WITH THE PATENTS INVOLVED IN THIS ANTI-TRUST SUIT, PARTICULARLY AS TO ITW, IMPELS DENIAL OF ITS MOTION TO TRANSFER;

Consideration of the history of ITW's conduct in dealing with the Courts and predecessor and current litigants concerning matters related to the instant suit will compel the conclusion that ITW is guilty of unclean hands. It's voice should be stilled, especially when raised to seek a transfer of this case back to Northern District of Illinois; for the very improprieties of ITW (whether or not coupled with other factors ostensibly fortuitous) directly produced the regrettable situation which Solo contends makes a fair trial be or appear to be improbable and unlikely in Illinois.

To grant ITW's motion to transfer this cause would be to encourage and aid the wrong-doer in circumstances where, as here, there are three distinct matters of public interest involved, i.e. patent matters, antitrust matters, and the appearance of the purity and impartiality of the judicial process and the Courts.

These constitute additional reasons why ITW should not be heard here, to seek transfer or other aid of this Court in furtherance of its misuse of the judicial system.

The detailed nature of the conduct of ITW, is set forth below and here omitted to avoid repetition).

Seismograph Service Corporation vs. Raydist,
(1958) 263 F. 2d 5

Keystone Driller Co. v. General Elevator,
290 U.S. 240

Keystone Driller Co. v. Osgood Co.,
291 U.S. 651

Precision Instrument Manufacturing Co. vs. Automotive Maintenance,
324 U.S. 806.

2. ASSUMING ARGUENDO THAT ITW IS NOT GUILTY OF UNCLEAN HANDS, PER SE, THE "INTERESTS OF JUSTICE," AND PRINCIPLES OF FAIR PLAY DICTATE THE DENTAL OF ITW'S MOTION TO TRANSFER.

Of the three tests applied (convenience of parties, convenience of witnesses, and interests of justice), that of interests of justice is separate and distinct, and has been held controlling or paramount.

Chicago R. I. & Ry Co. v. Igoe,
220 F. 2d 299

Lykes Bros. Steamship Co. vs. Sugarman,
272 F. 2d 679

Brown v. Woodring,
174 F. Supp. 640

Metropolitan Life Ins. v. Potter,
135 F. Supp. 645

In balancing the factors bearing on venue, the Courts emphasize "fair trial."

De Sousa vs. Panama, 202 F. Supp. 22, 26

Defendants moving for transfer have the burden of making out clear cut case; Plaintiff's choice of forum is a relevant consideration.

Ruskey v. Reed, 225 F. Supp. 581, 582, 583.

3. EFFECT OF ITW's MISUSE OF THE JUDICIAL SYSTEM, COMBINED WITH OTHER FACTORS, VIOLATE FAIR PLAY PRINCIPLES, AND FURTHER COMPEL DENIAL OF MOTION TO TRANSFER.

As will become obvious, ITW has grossly misused the judicial system by combining the "law of the Circuit" doctrine (apparently peculiar

to the Seventh Circuit) with a failure to disclose an extremely material fact to its potential or its actual litigant, as against any party who tries to escape this devastating combination, by resorting to the same provisions of 28 U.S.C. 1404(a) upon which ITW now urges the Court to transfer the instant case back to the very situs of ITW's wrongdoing.

The trap which ITW has laid has been so effective that no Defendant thus far has been able to prevail against ITW when confronted with alleged infringement of patents which are involved in the instant Anti-trust suit. Neither has any litigant been able to escape from the courts comprising the Seventh Circuit and its Districts, although numerous efforts have been made.

4. HISTORY OF ITW LITIGATION REGARDING THE EDWARDS (SUBJECT) PATENT, AND THE CONTINUED INABILITY OF OPPOSING PARTIES TO ESCAPE FROM UNFAVORABLE FORUM, CHOSEN UNFAIRLY BY ITW.

Beginning in 1965, ITW filed a patent infringement suit against Continental Can Co. in the District Court for the Northern District of Illinois; the case was assigned to and trial was held before Honorable Judge Bernard Decker. In that case the patent was held valid and infringed.

ITW v. Continental Can Co., 273 F. Supp. 94; Affirmed 397 F. 2d 517 (7 Cir., 1968).

In 1966, ITW filed an action against Maryland Cup Corporation and Sweetheart Plastics, Inc., also assigned to and ultimately decided by

Judge Decker, who upheld the validity of the same patent (as that involved in the Continental case) and its companion in now-pending suit against Solo Cup, trial of which has been completed, as stated.

In 1969, following the Circuit Court's affirmation of the Continental Can case, the plaintiff ITW filed six actions, all in the United States District Court, Northern District of Illinois, and all therefore destined to be tried not only before the same Honorable Judge Decker due an application or mis-application of the so-called "related case" rule, but with the result of the certainty of the applicability of the so-called "Law of the Circuit" doctrine.

Thus, the same two patents were in the case of ITW v. Maryland Cup Corporation and Sweetheart Plastics, Inc. (306 F. Supp. 364; affirmed 436 F. 2d 1180, 7 Cir. 1971) held and decided to be valid and to be infringed, by the same Honorable Judge Decker. The so-called "Sweetheart" case went to trial shortly after the filing of the six further suits filed in 1969 of which the case of Illinois Tool Works v. Solo Cup was one, as stated above.

With the rendering of the judgment for ITW in the second action, ITW vs. Maryland Cup. Corp. and Sweetheart Plastics, Inc., supra, hereafter referred to as the Sweetheart case, ITW made extensive discovery demands in its case against Solo Cup. Solo, thereupon, sought a stay of all proceedings before Judge Decker pending an appeal which Sweetheart has taken. Judge Decker denied the motion, and, on his own motion, entered an Order (November 13, 1969) restricting discovery by Solo "to the issue

of infringement only," thus permitting discovery to the Plaintiff ITW, who had the burden of proving infringement, and denying discovery the Defendant, Solo Cup, on its defenses of invalidity. This latter restriction was due to the Seventh Circuit's "persuasive new evidence" rule, hereafter referred to as the "Law of the Circuit Doctrine" which was established or confirmed by American Photocopy Equipment Co. v. Rovico, 384 F. 2d 813, 816 (7th Cir., 1967), and later reiterated while affirming Judge Decker in Illinois Tool Works, Inc. v. Sweetheart Plastics, Inc., et al., 436 F. 2d 1180, 1182 (7th Cir., 1971).

After being denied discovery on the issue of invalidity, which the "Law of the Circuit" would hold Solo Cup collaterally estopped to contest even absent any privity with the prior defendants, if it failed to prove such issue by a preponderance of "persuasive new evidence," and being persuaded by the denial of the right of discovery of such new evidence that Judge Decker regarded the question of validity of those patents foreclosed, Solo Cup moved Judge Decker to recuse himself.

The motion to disqualify Judge Decker was then based upon the due process guarantee of the Fifth Amendment of the Constitution of the United States; upon Title 28 U. S. C. §144, which permits challenge based upon "personal bias and prejudice;" upon the inherent power of a judge to recuse on his own motion; and upon Rule 10(b)(7) of the Rules of the United States District Court for the Northern District of Illinois, which appeared to Solo to call for reassignment to another Judge. This motion was denied.

Solo Cup, still seeking to avoid trial by Judge Decker, filed a jury demand on December 29, 1971. This demand was denied by Judge Decker as being untimely.

About a year later, after having in the interim denied a motion by Solo Cup to lift the order restricting Solo from discovering on the issues of validity, and after having denied a further motion to stay which complained of the unfairness of the discovery denial order, Judge Decker finally permitted discovery, but on the condition or limitation that Solo right submit its proposed discovery for ITW's objection and for the Court's approval in order to avoid subjecting plaintiff ITW, to the necessity of repeating the discovery that has been taken by the two prior defendants, Continental Can Company and Sweetheart Plastics, et al, in the two prior, distinct, and separate cases, tried before Judge Decker.

The defendants in the earlier Sweetheart case, in the meantime, had also tried to escape to another jurisdiction. After suit was brought against them in the Northern District of Illinois (66 C 1609), Sweetheart brought a declaratory judgment suit in the Southern District of New York (66 C 2559). Illinois Tool Works, Inc. moved under 28 U. S. C. §1404(a) to transfer (back) to Chicago, and Judge Weinfeld, taking note of the relative showings of convenience made by the parties, was persuaded for the sake of judicial administration to transfer the case to Chicago, and to the acquired familiarity of Judge Decker with the subject matter, 267 F. Supp. 938, 943-944 (S. D. N. Y. 1967). The Sweetheart defendants later tried to persuade Judge Decker to transfer the action to Sweetheart's home base in Massachusetts, but Judge

declined, specifically agreeing with Judge Weinfeld of the Southern District of New York that considerations of sound judicial administration required him to keep the case. 286 F. Supp. 62, 68 (N. D. Ill., 1968).

Again, later on, when Sweetheart sought adjudication by a declaratory judgment action in the District of Massachusetts as to certain plastic cups which Judge Decker had declined to rule upon as non-justiciable at the time of the Sweetheart trial, the Court in Boston dismissed on the motion of Illinois Tool Works, Inc., (167 USPQ 347, 348; D. Mass., 1970) and was affirmed by the Court of Appeals for the First Circuit, which specifically deferred to the "acquired expertise" of the Courts of the Seventh Circuit, 439 F. 2d 871, 875 (1 Cir., 1970).

Shortly after the Court of Appeals for the Seventh Circuit adopted its new Rule 23 (effective April 4, 1972), and having meanwhile discovered previously non-existent precedent in which a district judge recused in a second case against a new defendant after holding a patent valid and infringed in a prior case. Solo Cup renewed its request to Judge Decker to transfer the case for reassignment.

Throughout this entire history of litigation which, in summary, always brought each Defendant to trial before the same Hon. Judge Decker, ITW remained silent as to any prior connection with the jurist.

While its motion for recusal on the other ground (new Rule 23) was pending undecided, Solo Cup initiated an independent and extensive

investigation. It discovered that Judge Decker, while in private practice as an attorney, had represented the estate of Walter Byron Smith, who had been a substantial stockholder and director of Illinois Tool Works, Inc., and who was a member of the prominent and powerful Chicago banking family (The Northern Trust Company) that controls ITW.

On the day (May 17, 1972) that the fact of Judge Decker's own previous connection as an attorney for the Smith family (controlling ITW, plaintiff before him) was presented to him in open Court, Judge Decker recused with an order transferring the case to the Executive Committee for reassignment under the provisions of Local Rule 10(b)(7).

The case was then reassigned to the Honorable William J. Lynch. At a pretrial conference held on June 20, 1972 at Judge Lynch's instance to explore settlement in view of the prior decisions of Court upholding the validity of the two patents in suit, ITW pleaded its successes in the two prior cases, and the many settlements and the licenses it had obtained as a result, and urged that Solo Cup's only reasonable course was likewise to accept a license. Solo explained, however, that for the same reasons it objected to Judge Decker's sitting in judgment on the cause, it declined to accept willingly Judge Decker's decisions in the two prior cases which ITW sought to impose by the "Law of the Circuit Doctrine," i.e., the rule of collateral estoppel absent "persuasive new evidence." Solo further explained that it objected to the fact that neither Sc[illegible] nor any other potential or actual defendant s[illegible]ed by ITW, had been informed by ITW of the connection

between Judge Decker and the family that controlled ITW.

Solo, on the otherhand, not desirous of any unfair advantage, or even the appearance of such, made it a matter of record that there was a connection between the newly appointed Judge Lynch and the controlling owner of Solo Cup. Judge Lynch thereupon recused himself and the case was assigned to the Honorable Richard B. Austin.

Solo Cup then moved Judge Austin under Title 28 U. S. C. §1404(a) to transfer the action to another district "where it might have been brought; specifically, to the Western District of Missouri, where Solo Cup has a manufacturing plant from which it was distributing the plastic cups involved in that action, and which would have been appropriate venue (28 U. S. C. §1400(b); Hoffman v. Blaski, et al., 363 U. S. 335 (1960).

That motion for transfer urged that ITW, declaring its reliance upon the two earlier cases, foreclosed Solo in the absence of "persuasive new evidence." Solo Cup further served notice that it would resist collateral estoppel by those prior cases because of ITW's failure to disclose Judge Decker's connection with the common plaintiff, ITW. Solo further argued that it was not fitting for any Judge of the Seventh Circuit to pass upon the questions of patent validity there presented since justice, or the appearance of justice, could not be preserved. Specifically, the motion sought transfer out of the Seventh Circuit to another district court where the prior decisions of Judge Decker, now affirmed by the Seventh Circuit, were not due the allegiance required by the "persuasive new evidence" rule,

but only the courtesy of comity, Mast Foos & Co. v. Stover Mfg. Co., 177 U.S. 485, 488-489 (1909).

The motion to transfer was denied without opinion on November 1, 1972, and, in an oral hearing on ITW's motion to set for trial, Judge Austin stated that he would not second-guess his colleague, Judge Decker, on the latter's denial of jury trial.

From the above facts it is obvious that ITW has waged an intensive and successful campaign to corral all litigations of the patents in question before Judge Decker and later, his colleagues. Furthermore, ITW has successfully sought to prevent any litigant from transferring its case out of the Seventh Circuit or even away from the courtroom of Judge Decker, save for Solo, whose patent case has been tried by Judge Austin, Northern District, Illinois, Seventh Circuit.

ITW's impropriety in failing to disclose Judge Decker's prior association with itself, when coupled with ITW's great expenditure of effort to arrange trial of all cases before Judge Decker, and to invoke all prior favorable decisions by Judge Decker as controlling, has destroyed at least the appearance of justice, and may well undermine public confidence in the judicial system.

As if it weren't enought that ITW made no mention of its prior association with Judge Decker, leaving this discovery to the alert litigant, Solo Cup, ITW has further successfully invoked the "Law of the Circuit Doctrine" to preclude any defendant, including Solo Cup, despite a lack of privity with any prior defen-

dants, from attacking the validity of the patents in question without the use of "persuasive new evidence," a doctrine which is foreign to any other jurisdiction.

Thus by cleverly combining a manifest impropriety with a shrewd manipulation of a rule peculiar to the Seventh Circuit, (i.e., the "Law of the Circuit Doctrine") and another local rule which permits assignment of all subsequent patent litigation to the same judge as initially presided over the patents in question, ITW has taken unfair advantage of the rules which were established to provide a fair and expeditious trial to litigants. This is a serious breach of good faith and should not be condoned or encouraged in the instant action by allowing ITW to urge the court to transfer this action back to the very situs of ITW's inequitable conduct.

The public interest here transcends any private interest ITW or Solo Cup might have in this litigation. The public interest is considered paramount in at least three areas: a. anti-trust violations, b. patents, and c. the appearance and preservation of purity in the judicial system. ITW's past conduct is abusive of all three areas, especially the latter. It is the appearance of justice which at all times must be maintained in the public's eye, ITW, by its prior actions and by its present course of conduct, severely threatens the decorum which must be maintained to retain public confidence and the public's willingness to abide by judicial decision. To allow ITW to prevail here (by a transfer away from this Court) would be to allow ITW to perpetrate a scheme violative of the public interests here at stake.

The pendency of this antitrust action here in California is an ideal if not irresistible opportunity for the protection of those public interests, by a dispassionate, disinterested judge with no prior disposition in the matter, by procedural rule or otherwise, and with no affiliation, however remote or subconscious, with the litigant.

ITW has had its way long enough, in previous patent litigation. No one has yet been able to escape the legal traps contrived by ITW. But the instant action is one for damages for antitrust violation and unfair competition. Moreover, this case is national in scope and significance, and ITW, because of its inequitable conduct, must not be allowed to utilize its clever manipulation of local rules of the Seventh Circuit and prior tainted favorable decisions to control the competition and restrain the trade which is carried on throughout the entire nation. ITW's voice should not be heard to urge this Court to transfer this antitrust action back to the Northern District of Illinois.

The "Related Case" Rule:

In its Memorandum, ITW states:

> "If the present action is transferred to the Northern District of Illinois, it would be considered, under the Rules of that Court as a case "related" to the ITW v. Solo case. The present case would be assigned for all purposes to Judge Austin, who is already familiar with the thin-wall thermoplastic container field (filed), the identical subject matter of the present action. . ."
>
> (ITW Memorandum, Page 21, lines 8-14)

The quoted statement is incorrect or inapplicable to the situation before this Court.

The applicable portion of the Local Rules (Northern District, Illinois) applies only to concurrently pending suits, for consolidation of trial purposes. The ITW v. Solo case has already been tried by Judge Austin.

The "Law of the Circuit" Doctrine:

The Seventh Circuit (which includes Illinois) follows a rule which appears to be an undue extension of collateral estoppel, which has the ultimate effect of depriving a "new" patent infringement defendant of its day in court.

The Rule can best be illustrated by example. In Case No. 1 (hypothetical), the plaintiff Patentee brings an action against defendant A, alleging validity of the patent, and infringement by defendant A. The plaintiff Patentee is successful in Case No. 1, and the validity of the plaintiff's patent is thus upheld, and the defendant A is held to have infringed.

Defendant B is then sued by the same plaintiff, and charged with infringing the same patent that had been decided to be valid in the first case. The Rule appears to be that even though defendant B was not a party to the first action at all, and was in no wise a privy to defendant A in the first case, that defendant B is nevertheless estopped to contest the validity of the patent in question (in both cases) unless defendant B is capable of sustaining the burden of presenting "persuasive new evidence" of the invalidity of the judicially approved patent. Unless the defendant B can present such evidence, it appears as if, by the Rule of the Seventh Circuit, the trial court is

bound to follow the prior decision upholding the validity of the patent in Case No. 1.

> Illinois Tool Works, Inc. v. Sweetheart Plastics, Inc. (1971) 436 F. 2d 1180, 1182; American Photocopy Equipment Co. vs. Rovico, Inc. (1967) 384 F. 2d 813, 815-816.

Since the plaintiff here (Solo) was not a party or privy to the prior cases adjudicating the validity of the ITW patents, certainly it should not be adversely affected or bound by such prior decisions, a consequence which would flow from the stringent requirement of being required to set forth "persuasive new evidence."

To impose such a burden on a party in the position of Solo Cup (in the Illinois action) would run afoul and establish of collateral estoppel, res adjudicata, and related doctrines. Hansberry vs. Lee (1940) 311 U.S. 32; Technograph Printed Circuits, Ltd. v. United States, 372 F. 2d 969 (1967).

Technograph of course, followed the time-honored decision of Triplett vs. Lowell, 297 U.S. 638 (1936). Since that time, the United States Supreme Court has decided the case of Blonder-Tongue Laboratories, Inc. v. University of Illinois Foundation, 402 U.S. 313 (1971). Blonder-Tongue does in part and to a degree, erode the broad principles of Triplett, where the patents is the same party in both actions, but still gives the patentee, in the face of a plea of collateral estoppel, the right to challenge the appropriateness of the plea by introducing evidence as to reasons why the prior decision should not be followed.

The important distinction between the Blonder rule and the American Photocopy rule is the question of the determination of the party against whom the plea of collateral estoppel is asserted. In Blonder, the University of Illinois Foundation had already had its day in court. This is not true of the defendants in American Photocopy or Illinois Tool Works vs. Sweetheart. Reflective analysis of Blonder persuades one to the prognosis that the United States Supreme Court would reject the doctrine of American Photocopy (in effect, the "Law of the Circuit," in the Seventh Circuit) as being too harsh, and violative of due process, since it deprives a party (a stranger to a prior action) of his or its full and complete day in court.

"A decision of any court purporting to bind by the findings of fact of an earlier action a person who is not a party thereto and who has no notice or right to a hearing in that action deprives that person of property without due process of law and is prohibited by the Fourteenth Amendment to the United States Constitution." Rediker vs. Rediker (1950) 35 Cal. 2d 796.

The foregoing consideration of the nature of the "Law of the Circuit" doctrine, and its pertinence to the instant situation, is not set forth in anticipation that the question of the validity of the Edwards patents (the patents which were the subject of all of the ITW Illinois suits referred to above, including the action against Solo) would necessarily be involved in the instant action, in order for Solo, Plaintiff, to successfully maintain its action for Antitrust violations and undue restraint of trade. Rather the dissertation concerning the "Law of the Circuit" was set forth for the purpose of illustrating to this Court the

reason why ITW apparently made such unrelenting efforts to keep all Edwards patent cases in that Circuit, or to remove or transfer them there, as the case may be.

III

THESE PROCEEDINGS SHOULD NOT BE STAYED

As already noted, see I. B. above, Solo's claims in the instant action for treble damages for Anti-trust violations and unfair competition are not compulsory counterclaims to the ITW v. Solo Chicago litigation. The reference made by ITW in its Memorandum (page 23, lines 12-14) to Wright and Miller, Federal Practice and Procedure, §1418 is therefore, wholly inapplicable, since that section deals only with the assertion of a compulsory counterclaim as a claim in another action.

Similarly, Semmes Motors Inc. v. Ford Motor Co., (2d Cir., 1970), 429 F. 2d 1197, cited by ITW in its Memorandum (page 23, lines 25 and 26), deals with the obligation of a court in a subsequent action to give way to an earlier action where the complaint in the subsequent action "was in effect a duplicate of" the earlier one (429 F. 2d 1197, 1202). Therefore the subsequent action's complaint was later broadened to include claims which were compulsory counterclaims to the earlier action, the Court of Appeals held that a stay of the subsequent action was appropriate.

Such is not the instant case. The complaint in this action is entirely different from the pleadings in Chicago. The issues involved in the two actions are entirely dissimilar and

the Chicago trial outcome will have no bearing on the instant action. Although some contentions in Solo's pre-trial brief in Chicago resemble the allegations made in the instant complaint, those earlier contentions in Chicago were made collateral to the issues being tried there and operated in that Chicago action to merely "set the stage" so to speak. No damages were sought, no Anti-trust or unfair competition laws or standards were applied, none of the issues sought to be here litigated were framed in the ITW v. Solo Chicago pleadings. Those issues were not in fact litigated.

Furthermore, the contentions which Solo made merely by way of preface in its pre-trial brief were discussed by ITW in its post-trial brief in only one paragraph as follows:

> "These allegations are totally groundless and must be viewed as a last desperate attempt to present 'persuasive new evidence' in the case. Since these allegations are without factual support, it is impossible for ITW to make an appro response at this time. Accordingly, ITW leaves Solo 'to its proofs' and will make an appropriate response if needed in its Reply Brief." (Flannery Affidavit, Par. 15)

Although ITW would try to convince this Court that the issues here sought to be litigated were, or are being, litigated in Chicago, such is manifestly not the case. ITW chooses to misleadingly focus on some collateral remarks made, in a pre-trial brief by Solo Cup in Chicago to persuade this Court to stay, if not totally

dismiss, the instant action. Such an argument should be disregarded when ITW's proposed Findings of Fact, proposed Conclusions of Law, and proposed Judgment in the Chicago case do not even mention the pre-trial brief contentions (Flannery Affidavit, Par. 16) here sought to be made so much of.

DATED: May 7, 1973.

Respectfully submitted,

JEROME B. ROSENTHAL/
GERALD KRUPP

By JEROME B. ROSENTHAL
Jerome B. Rosenthal
Attorneys for Plaintiff
Solo Cup Company

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

ILLINOIS TOOL WORKS, INC.,	)	
Plaintiff,	)	
	)	Civil Action No.
v.	)	69 C 480
SOLO CUP COMPANY,	)	
Defendant.	)	

AMENDED ANSWER

Now comes the defendant, by its attorneys, and for its Amended Answer to the Complaint, states that every allegation contained therein is hereby denied, except to the extent that such allegations are expressly admitted in this answer.

1. Complaint - This action arises under the patent laws of the United States of America and jurisdiction is founded on such laws.

Answer - As to paragraph 1 of the Complaint, defendant admits that this court has jurisdiction over an action for patent infringement pursuant to 28 U.S.C. §1338.

2. Complaint - Plaintiff is a corporation organized and existing by virtue of the laws of the State of Delaware, having its principal place of business at 8501 West Higgins Road, Chicago, Illinois.

Answer - As to paragraph 2 of the Complaint, defendant has no knowledge or information to form a belief as to whether plaintiff is a corporation organized and existing by virtue of the laws of the State of Delaware or whether plaintiff has its principal place of business at 8501 West Higgins Road, Chicago, Illinois. Defendant admits that plaintiff has a place of business at 8501 West Higgins Road, Chicago, Illinois.

3. Complaint - Defendant Solo Cup Company, Inc. is a corporation organized and existing by virtue of the laws of the State of Delaware, having its principal office in Chicago, Illinois and a regular and established place of business within the Northern District, e.g., at 7431 S. East End Ave., Chicago, Illinois.

Answer - As to paragraph 3 of the Complaint, defendant admits it is a corporation organized and existing by virtue of the laws of the State of Delaware and has an established place of business within the Northern District e.g. at 7431 S. East End Ave., Chicago, Illinois. At the time of filing the Complaint its principal office is now in Urbana, Illinois.

4. Complaint - Defendant has committed certain acts of infringement relating to the patents in suit, as hereinafter alleged, within said district.

Answer - As to paragraph 4 of the Complaint, defendant denies the allegations thereof.

5. Complaint - Plaintiff is now and, for a great many years, has been engaged in the manufacture and sale of container devices

including nestable cups for over the counter use and vending purposes, having particular utility in the food package field. In conjunction with such manufacture and sales, plaintiff for many years and until the present time has maintained extensive laboratories and has been involved in a continuing program of research directed to the development of such container devices.

Answer - As to paragraph 5 of the Complaint, defendant has no knowledge or information sufficient to form a belief as to the truth of the matters therein alleged.

6. Complaint - On May 28, 1963, United States Letters Patent No. 3,091,360 was duly and regularly issued to plaintiff on an application filed by Bryant Edwards for an invention in "Nestable Cup" and since May 28, 1963 plaintiff has been and still is the owner of the entire right, title and interest in and to such Letters Patent.

Answer - As to paragraph 6 of the Complaint, defendant admits that on May 28, 1963 U. S. Letters Patent No. 3,091,360 was issued to plaintiff by the U. S. Patent Office on an application filed by Bryant Edwards, but denies that the patent was duly and regularly issued and has no knowledge or information sufficient to form a belief as to whether plaintiff has been and still is the owner of the entire right, title and interest in and to Patent No. 3,091,360.

7. Complaint - On June 30, 1964, United States Letters Patent No. 3,139,213 was duly and regularly issued to plaintiff on an application filed by Bryant Edwards for an invention in

"Nestable Cup" and since June 30, 1964 plaintiff has been and still is the owner of the entire right, title and interest in and to such Letters Patent.

Answer - As to paragraph 7 of the Complaint, defendant admits that on June 30, 1964 United States Letters Patent No. 3,139,213 was issued to plaintiff on an application filed by Bryant Edwards but denies that it was duly and regularly issued and has no knowledge or information sufficient to form a belief as to whether plaintiff has been and still is the owner of the entire right, title and interest in and to Patent No. 3,139,213.

8. Complaint - Since the date of issuance of said Letters Patents Nos. 3,091,360 and 3,139,213 and prior to the filing of this complaint, defendant has been and still is infringing the claims of said Letters Patents by using and selling container devices embodying the inventions defined by said claims, without the consent of the plaintiff, within said Northern District and manufacturing, using and selling elsewhere in the United States and will continue to do so unless enjoined by this Court.

Answer - As to paragraph 8 of the Complaint, defendant denies all of the allegations of said paragraph.

9. Complaint - Upon information and belief, since the date of issuance of said Letters Patents Nos. 3,091,360 and 3,139,213 and prior to the filing of this complaint, defendant--having knowledge that container devices embodying the inventions defined by said claims of said Letters Patents have particular utility in the drinking cup and food package field, and, further, having

knowledge that plaintiff has established customer acceptance and preference for said container devices--did willfully and deliberately infringe and still willfully and deliberately infringes said claims of said Letters Patent by using and/or selling container devices embodying the inventions defined by said claims, without the consent of the plaintiff, within said Northern District and manufacturing, using and/or selling elsewhere within the United States of America and will continue to do so unless enjoined by this Court.

Answer - As to paragraph 9 of the Complaint, defendant denies all of the allegations of said paragraph.

10. Complaint - Copies of the patents are attached and made a part of this complaint.

Answer - As to paragraph 10 of the Complaint, defendant admits the allegations of said paragraph.

11. Complaint - Plaintiff has placed the required statutory notice on the container devices heretofore manufactured and sold by it under said Letters Patents.

Answer - As to paragraph 11 of the Complaint, defendant has no knowledge or information sufficient to form a belief as to the allegations made therein.

12. Further answering the Complaint, defendant denies that plaintiff is entitled to the relief prayed for in the Complaint or to any other relief.

13. Further answering the Complaint,

defendant avers that Letters Patents Nos. 3,091,360 and 3,139,213 are invalid for obviousness as defined in 35 U.S.C. §103.

14. Further answering the Complaint, defendant avers that said Letters Patents Nos. 3,091,360 and 3,139,213 are invalid for lack of novelty and loss of right to patent as defined in 35 U.S.C. §102.

15. Further answering the Complaint, defendant avers that said Letters Patents Nos. 3,091,360 and 3,139,213 are invalid because the subject matter defined by the claims of the patents in suit is not particular and definite as required by 35 U.S.C. §112 and because, for the purpose of deceiving the public, the specification disclosures of the patents in suit do not meet the requirements of 35 U.S.C. §112, to wit: the applications which issued as the patents in suit, do not disclose the manner and process of making and using the subject matter of the claims of the patents in suit in such full, clear, concise and exact terms so as to enable one skilled in the art to make and use the same; and they do not set forth the best mode contemplated by Edwards of carrying out the subject matter of the claims.

16. Further answering the Complaint, defendant alleges that by reason of the proceedings in the United States Patent Office during the prosecution of the applications which resulted in said Letters Patents Nos. 3,091,360 and 3,139,213 and the admissions and representations therein made by or on behalf of the applicant for said patents in order to induce the grant of said patents, plaintiff is estopped to claim for said patents a construction, even if this were otherwise possible, which would cause

said patents to cover or include the acts of defendant of which plaintiff complains.

17. Further answering the Complaint, defendant allegs that misrepresentations of fact were made and/or relevant information was withheld by or on behalf of the applicant for Patents Nos. 3,091,360 and 3,139,213 in proceedings in the United States Patent Office during the prosecution of the applications in order to induce the grant of said patents.

18. Further answering the Complaint, defendant alleges that one or both of said Letters Patent Nos. 3,091,360 and 3,139,213 is unenforceable because of wrongful or inequitable conduct of plaintiff in acquisition, exploitation or enforcement of said patents.

19. Further answering the Complaint, defendant alleges that Patent No. 3,139,213 is invalid for double patenting, proscribed by 35 U.S.C. §101.

20. Further answering the Complaint, defendant avers that the plaintiff is estopped from asserting infringement of tters Patent No. 3,139,213 by Solo's Models Nos. 806, 806A, and 808 containers because said containers do not infringe for the same reason that certain containers were held to be non-infringements in a prior suit in the Northern District of Illinois, Illinois Tool Works v. Sweetheart Cup Corp., et al., 306 F. Supp 364 (1969).

COUNTERCLAIM

21. Plaintiff is a Delaware corporation with its principal place of business in Chicago, Illinois and plaintiff has a place of business at

8501 West Higgins Road, Chicago, Illinois.

22. This is a counterclaim for declaratory judgment under 28 U.S.C. §2201 which arises from an actual controversy existing between plaintiff and defendant arising under an Act of Congress relating to patents as evidenced by the complaint herein. Jurisdiction of this court is based upon 28 U.S.C. §1338.

23. All of the claims of United States Letters Patents Nos. 3,091,360 and 3,139,213, the claims upon which plaintiff sues here, are invalid, unenforceable and not infringed for the reasons set forth in the foregoing answer and particularly paragraphs 13 to 20 inclusive, all of the allegations of which paragraphs are repeated here for reference and are made part hereof for all purposes.

WHEREFOR, defendant prays:

(a) that the Complaint be dismissed;

(b) for a declaratory judgment holding Patents Nos. 3,091,360 and 3,139,213 invalid and not infringed by defendant;

(c) for an award of taxable costs and reasonable attorneys' fees;

(d) for other relief as may be just.

As to matters newly pleaded defendant also demands a trial by jury.

SOLO CUP COMPANY
By its attorneys:

Dated: January 23, 1972 /s/ John F. Flannery

Francis A. Even
John F. Flannery
Attorneys for Defendant
Fitch, Even, Tabin &
Luedeka
135 South LaSalle Street
Chicago, Illinois 60603

CERTIFICATE OF SERVICE

This will certify that two copies of AMENDED ANSWER were mailed to the offices of Hume, Clement, Brinks, William, Olds & Cook, Ltd., One First National Plaza, Suite 5150, Chicago, Illinois this 29th day of January, 1973.

/s/ John F. Flannery
John F. Flannery

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IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

ILLINOIS TOOL WORKS INC.,	)	
Plaintiff,	)	Civil Action
v.	)	No. 69 C 481
FOSTER GRANT CO., INC.,	)	
Defendant.	)	

PLAINTIFF'S MEMORANDUM IN OPPOSITION TO DEFENDANT'S MOTION FOR LEAVE TO FILE ITS ANTI-TRUST COUNTERCLAIM

Plaintiff opposes defendant's motion for leave to add its proposed anti-trust counterclaim to this lawsuit.

On November 16, 1970, at oral hearing, plaintiff did not oppose that part of defendant's motion asking leave to file its amended answer and its answer to plaintiff's counterclaims. However, plaintiff did object to having an anti-trust action grafted onto what is basically and primarily a patent infringement action.

Defendant's present motion for leave to amend arises under Rules 13(b) and 15(a), F. R. C. P. The authorities uniformly hold that the trial court has discretion to allow or deny

such motions.[1] The guideline contained in the rule is that "leave shall be freely given when justice so requires." (Emphasis added). In the instant situation, justice does not require that defendant's present motion as to its anti-trust counterclaim be allowed.[2] The liberal policy prescribed by the rule does not permit the absence of all restraint in allowing amendments. Wallace v. Knapp-Monarch Co., 234 F. 2d 853, 860 (8th Cir. 1956); 1A Barron and Hotzoff §442, p. 712 (1960).

Unquestionably, the presence of anti-trust issues in the present lawsuit would add ponderous and highly complex economic anti-trust legal issues and would introduce extensive discovery proceedings, much of which would be wholly extraneous to the present patent-related issues. Furthermore, defendant's anti-trust counterclaim is legally insufficient as failing to allege any specific injury to defendant resulting from plaintiff's alleged activities, and should not be entered.

---

1. Hi-Lo TV Antenna Corp. v. Rogers, 274 F. 2d 661, 665 (7th Cir. 1960) (amendment allowed); Holey v. Outboard Marine Corp., 241 F. Supp. 657, 670 (N. D. Ill. 1964) (amendment denied).

2. The anti-trust counterclaim is not compulsory under Rule 13. Mercoid v. Mid-continent Co., 320 U. S. 661 (1944).

I. An Anti-Trust Count Would Introduce Involved and Highly Complex Legal Issues Into This Lawsuit

Defendant's attempt at adding an anti-trust counterclaim is not an amendment which involves merely an alternative theory of recovery on substantially the same facts as originally pleaded; this is a counterclaim which amounts to a separate and distinct claim which must be decided on the basis of legal considerations well beyond those involved in an ordinary patent suit. Suehle v. Markom Machine Co., 38 F. R. D. 69, 72 (E. D. Pa. 1965). The controlling decision on Sherman Act issues in patent cases is Walker Process Equipment, Inc. v. Food Machinery and Chemical Corp., 382 U. S. 172, 177-178 (1965), which held that in addition to actual fraud, the "relevant market" must be established upon which to appraise plaintiff's power to exclude. This gives rise to new legal issues which would add greatly to the burden of this already complex lawsuit.

Defendant attempts to establish a definition of the relevant market in paragraph 53 of its proposed amended pleadings, and in so doing, raises more questions than it answers. Additional legal considerations which defendant apparently overlooked include the guidelines to be followed in determining the realistic extent of the market in which plaintiff's patented devices compete, the degree of cross-elasticity of demand (availability of effective substitutes), and the applicability, if any, of sub-market theories which would be viewed in the context of the conflicting views of the parties regarding the scope and content of the relevant market.

These are legal issues which would require extensive time and effort to establish supporting and opposing viewpoints, and are wholly extraneous to the patent issues of the case as now structured. The Supreme Court recognized the degree of difficulty in deciding patent anti-trust issues in the Walker Process case, supra, when it remanded to enable the trial court to analyze "economic data," noting "the paucity of guidelines available in the decided cases" to enable the court to decide the "market effect and economic consequences" of the accused activities. 382 U.S. at 178. The difficulty the parties will have in marshalling factual data in support of these legal issues is discussed in the next section of this brief.

II. The Addition of An Anti-Trust Count Would Unreasonably Lengthen Discovery Proceedings

As stated by District Judge Green in Amco Engineering Co. v. Bud Radio, Inc., 38 F.R.D. 51, 53 (N.D. Ohio, 1965), in denying leave to file an amended complaint in a patent case:

> "The trial of a patent action is often enough a complex one, without the interjection of extraneous issues."

This observation is applicable to the present case as well. The addition of defendant's proposed anti-trust issues would add new and complex factual questions to this litigation, and would require that much more time and expense be devoted to discovery. The complexity of the subject matter to be investigated during discovery would also greatly increase. Indeed, discovery on the patent questions would soon be engulfed

and overwhelmed by the many depositions, interrogatories, requests for admissions and documents, etc., which would be required in developing the facts concerning the anti-trust aspects.

The most frightening spectre of expanding discovery would be in the establishment of proofs for defining the relevant market, a standard consideration in all anti-trust cases under 15 U. S. C. §2, irrespective of whether patents are involved. As the Supreme Court stated in the Walker Process case, supra, (edited to reflect the parties and patents in this case):

> "To establish monopolization or attempt to monopolize a part of trade or commerce under §2 of the Sherman Act, it would then be necessary to appraise the exclusionary power of the illegal patent claim in terms of the relevant market for the product involved. Without a definition of that market there is no way to measure [ITW's] ability to lessen or destroy competition. It may be that the device--[nestable cup and self-venting package] .. does not comprise a relevant market. There may be effective substitutes for the device which do not infringe the patent. This is a matter of proof, as is the amount of damages suffered by [Foster Grant]." 382 U. S. at 177.

Under the rule of Walker Process then, the Court is required to examine the market effect and economic consequences of plaintiff's asserted activities. The degree of difficulty in conducting discovery on these economic

issues becomes evident when the charges of defendant's proposed counterclaim are analyzed.

In paragraphs 53-56, 58 and 62 of its proposed anti-trust counterclaim, defendant, as expected, attempts to narrowly define the relevant market, which, if successful, would work to defendant's benefit by limiting the field of competition for the patented products, thereby increasing the market share of these products. However, plaintiff in all probability would oppose defendant's characterization of the relevant market in that the factor of cross-elasticity of demand completely refutes the conclusion reached by defendant as to the scope of the market.

To resolve the parties' conflicting theories of "relevant market" would require extensive industry-wide discovery into the uses to which the patented devices are put, and into the availability of suitable alternative products. Once this is established, statistical cost and sales data would have to be obtained, also on an industry-wide basis, relating only to those products included in the relevant market. Such data may be extremely difficult to compile since industry-wide figures may not be categorized upon the same basis used to develop the "relevant market" definition in this lawsuit. In paragraph 58, for example, defendant sets forth in tabular form "the approximate current annual sales of such containers" by ten producers in the industry. Discovery would necessarily include attempts by both plaintiff and defendant to obtain accurate sales figures by both plaintiff and defendant to obtain accurate sales figures of these containers (and presumably lids) ultimately included in the relevant market from each member of the industry. However, the customary

confidential nature of such figures presents an additional barrier to establishing true market shares for the purpose of determining the proposed anti-trust claim of defendant.

More specifically, the attempt by defendant at defining the relevant market, in paragraph 53, is replete with unreal market considerations. The proposed definition includes disposable containers, but apparently omits open containers such as ordinary drinking cups. Query: What is an "ordinary drinking cup?" Defendant also states that its counterclaim only involves disposable closed containers (cups and lids) made by thermoforming thin flat sheets of plastic material, and designed for use with a lid in fill-up machinery. Plaintiff would in all probability contend, however, that open containers such as ordinary thin-walled plastic drinking cups should be included in the relevant market, since the '213 patent covers such containers. In addition, the market should not be limited to containers used in fill-up and capping machinery, as urged by defendant since the patented products have many more uses.

As is evident from these statements, there would exist a bona fide difference of opinion between plaintiff and defendant as to the correct "relevant market" definition. To establish the reasonableness of its position, plaintiff would be required to conduct extensive discovery into the reasonable degree of substitution of containers described by the patents in suit now being practiced in the several industries presently using these types of containers.

Discovery pertaining to several additional highly complex issues would follow a resolution

of the relevant market problem. For example, paragraph 56 indicates that information must be obtained from all manufacturers of products included in the relevant market definition regarding:

(1) profits received by each manufacturer for the sale of competing products;

(2) production cost statistics, segregated as to only those products included in the relevant market;

(3) the relationship of a reasonable royalty under plaintiff's patents compared to other production costs; and

(4) the extent, if any, to which the alleged practices of plaintiff have erected an alleged barrier against the entry of others into the business defined by the relevant market.

It is more than apparent from the foregoing comments that the addition of defendant's anti-trust counterclaim would prejudice plaintiff by unduly delaying the ajudication of plaintiff's patent infringement claim and would unreasonably increase the cost of this litigation. For the foregoing reasons, plaintiff submits that defendant's motion for leave should be denied.

III. It Would Be A Futile Gesture To Grant Defendant's Motion

The proper place for defendant's anti-trust excursion lies in a separate lawsuit, or in a separate, deferred trial after the patent issues have been resolved in the current litigation. See Dairy Foods, Inc. v. Dairy Maid Products

Cooperative, 297 F. 2d 805, 807 (7th Cir. 1961). In this connection, if for some reason leave was granted, there is an abundance of authority holding that the anti-trust action should either be severed or deferred until after trial of the patent issues. Under such circumstances, it would be a futile gesture to grant leave to defendant and, accordingly, for this additional reason defendant's motion should be denied.

IV. Defendant's Anti-Trust Allegation Is Legally Insufficient As Failing To Allege Specific Injury, And Should Not Be Allowed.

The lack of substance of defendant's proposed anti-trust counterclaim is evident from the absence of any specific allegation of injury or damage to defendant resulting from the alleged activities of plaintiff. In essence, this failure to allege damages is fatal to defendant's anti-trust counterclaim, and warrants its rejection pro forma. The applicable legal authorities state that on a motion to amend the pleading must be legally sufficient on its face, or it should not be allowed. Kamsler v. Seinscheimer Co., 347 F. 2d 740 (7th Cir. 1965), cert. denied 382 U.S. 837 (1965).

In paragraph 62 of its proposed counterclaim, defendant alleges that plaintiff, alone or in concert with others, has attempted to exclude defendant from the "relevant market," and has unreasonably restrained trade in the market, "all to the past and continuing damage and injury to the business of Foster Grant."[1] These

1. Paragraph 63, the only other "damages"

assertions by defendant amount to no more than a broad allegation that plaintiff attempted to do something to defendant, without stating with the requisite specificity any facts showing that defendant actually suffered injury.

In a recent case decided in the Northern District of Illinois,[1] Judge Marovitz quoted the following from Beegle v. Thomson, 138 F. 2d 875, 881 (7th Cir. 1943):[2]

(footnote continued from previous page)
clause, completely omits any reference to specific injury to defendant.

1. Alberto-Culver Co. v. Andrea Dumon, Inc., 295 F. Supp. 1155, 1157 (N. D. Ill. 1969).

2. Note that in Alberto Culver v. Andrea Dumon, supra, at p. 1158, Judge Marovitz distinguished Dairy Foods, Inc. v. Dairy Maid Products Cooperative, 297 F. 2d 805 (7th Cir. 1961) by stating:

> "Neither this nor any other statement in Dairy Foods reduces or overrules the requirement to allege specific injury or damages. At the most the Dairy Foods decision allows litigation expenses to be considered an element of the damages. It then merely holds that the allegations which were made were adequate. Id."

In view of this substantive omission of essential averments in the pleadings, defendant's proposed anti-trust counterclaim should not be added to this lawsuit on the grounds that it fails to set forth a cause of action upon which relief could be awarded. Beegle v. Thomson, supra. Hence for this further reason, defendant's motion for leave should be denied.

Conclusion

Based on the foregoing, it is respectfully urged that defendant's proposed anti-trust counterclaim would unduly broaden the legal issues and scope of discovery in this litigation, and would introduce an alleged cause of action which is defective on its fact since it fails to assert injury to defendant as a result of plaintiff's conduct. The additional time and expense needed to adequately refute the anti-trust charges would prejudice plaintiff in its attempt to seek a prompt adjudication of its patent infringement claims. For these reasons, defendant's motion for leave to file its anti-trust (second) counterclaim should be denied. If the motion is granted, plaintiff submits that consideration of the anti-trust issues should be deferred until after trial and decision on plaintiff's patent claims.

Respectfully submitted,

/s/ Granger Cook, Jr.

James P. Hume
Granger Cook, Jr.

HUME, CLEMENT,
HUME & LEE, LTD.
One First National Plaza
Suite 5150
Chicago, Illinois 60670

OF COUNSEL:

Richard R. Trexler
Robert W. Beart
Michael Kovac

CERTIFICATE OF SERVICE

I, Granger Cook, Jr., do hereby certify that two (2) copies of the foregoing Plaintiff's Memorandum In Opposition To Defendant's Motion For Leave To File Its Anti-Trust Counterclaim were delivered to the offices of Wolfe, Hubbard, Leydig, Voit & Osann, One North LaSalle Street, Chicago, Illinois 60602, on this 27th day of November, 1970.

/s/ Granger Cook, Jr.
Granger Cook, Jr.

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

ILLINOIS TOOL WORKS INC.,	)	
Plaintiff,	)	
vs.	)	NO. 69 C 481
FOSTER GRANT CO., INC.,	)	
Defendant.	)	

MEMORANDUM OPINION

This is an action brought by Illinois Tool Works ("ITS") against Foster Grant Company ("Foster") for the alleged infringement of two of its patents relating to nestable and self-venting cups. One patent, No. 3,061,139, was held valid in Illinois Tool Works, Inc. v. Continental Can Co., 273 F. Supp. 94 (N. D. Ill. 1967), aff'd, 397 F. 2d 517 (7th Cir. 1968). The other patent, No. 3,139,213, was held valid in both the Continental Can case, supra, and the case of Illinois Tool Works, Inc. v. Sweetheart Plastics, Inc., 306 F. Supp. 364 (N. D. Ill. 1969), aff'd, Slip op. 18215 (7th Cir. January 21, 1971).

Originally, discovery in this case was limited to the issue of infringement only. However, on July 2, 1970, the court vacated that part of its prior order which limited discovery on the '139 patent. Foster was thereby permitted to conduct discovery on the issue of

the validity of the '139 patent, which was admittedly not involved in the pending appeal of the Sweetheart Plastics case. However, the court refused at that time to open up discovery on the validity of the '213 patent, which has just recently been held valid for the second time by the Seventh Circuit Court of Appeals.

Now Foster has moved to open discovery as to all issues involved in the '213 patent, including validity. In its brief in opposition to the motion, filed prior to the Court of Appeals affirmance in Sweetheart Plastics, ITW does not argue that Foster should be denied discovery on the issue of the validity of the '213 patent. ITW instead argues that discovery should be stayed pending the appellate opinion in the Sweetheart case, which, of course, has now issued. Hence, it is time that the order restricting discovery on the validity of the '213 patent be lifted.

Two competing interests govern the decision to open up discovery. One is the interest in finality, which dictates against discovery on the validity of a patent which has already been upheld twice in this Circuit. The other is Foster's interest in having its day in court to prove what two other defendants were unable to prove, that the '213 patent is invalid. On the whole, I find that the latter interest carries more weight.

Of course, Foster must present "persuasive new evidence" of invalidity in order to convince this court that it was mistaken on two previous occasions, on the basis of evidence presented by two other defendants. See American Photocopy Equipment Co. v. Rovico, Inc., 384 F. 2d 813, 815 (7th Cir. 1967), cert. denied, 390 U.S. 945 reh. denied, 390 U.S. 1037; Illinois Tool Works,

Inc. v. Sweetheart Plastics, Inc., Slip op. No. 18215, at 4. However, Foster should not be foreclosed from at least attempting to discover that much.

A second issue raised at this point is whether Foster should be given leave to amend its answer and counterclaim. F. R. Civ. P. §§13(f), 15(a). In its proposed amended answer, Foster raises affirmative defenses of estoppel, invalidity, patent misuse, and license. In its amended counterclaim, Foster alleges a violation of the Sherman Act, 15 U. S. C. §§1, 2, and further prays for a declaratory judgment that the patents in suit are invalid, unenforceable, and not infringed. ITW opposes only the proposed antitrust counterclaim, hence Foster is granted leave to file affirmative defenses 4-10 and counterclaim No. 3.

The amendment of Foster's counterclaim to include an allegation of antitrust violation is governed by F. R. Civ. P. §15(a), which directs that "leave shall be freely given when justice so requires." See Foman v. Davis, 371 U. S. 178, 182 (1962). While the Federal Rules of Civil Procedure favor the liberal amendment of pleadings, Rosenberg Brothers & Co. v. Arnold, 283 F. 2d 406 (9th Cir. 1960), the district court is nevertheless given wide discretion in determining whether in a given case it is in the interests of justice to grant leave to amend. Cf. Kissell Co. v. Farley, 417 F. 2d 1180, 1183 (7th Cir. 1969); Tyne v. National Supply Co., 280 F. 2d 878, 882-883 (7th Cir. 1960), cert. denied, 365 U. S. 820. I think it entirely proper in this case to deny Foster leave to amend its counterclaim to include the alleged antitrust violation.

The counterclaim alleges a conspiracy between ITW and certain others, not parties to this litigation, to monopolize trade in certain types of containers. The effect of permitting the amendment would be to enlarge the scope of the litigation and to inject a whole new set of issues affecting not only ITW but its licensees as well. Thus, the occurrences giving rise to the patent infringement claim are distinct events with few, if any, facts in common with the antitrust claim. The legal theories are likewise dissimilar. See American Airlines, Inc. v. Transport Workers Union, 44 F. R. D. 236, 238 (N. D. Okla. 1968). The proposed antitrust counterclaim is permissive in ture. F. R. Civ. P. §13(b); cf. Chance v. County Board of School Trustees of McHenry Co., Ill., 332 F. 2d 971, 973 (7th Cir. 1964). Hence, this is a proper case for Foster to bring its antitrust claim in an independent suit.

At some point in time, the book must be closed on the patent aspects of this litigation. The court stands willing to complete its assignment in that regard. However, it is unwilling to embark on a new and different field of inquiry, which, as indicated above, is best preserved for an independent action.

Accordingly, defendant's motion to open discovery as to all issues and defenses regarding the '213 patent is granted. And defendant's motion for leave to amend its answer and counterclaim is granted, except for the Second Counterclaim, in which case the motion for leave to amend is denied.

ENTER:

BERNARD M. DECKER
United States District Judge.

DATED: February 11, 1971.

JEROME B. ROSENTHAL
250 North Canon Drive
Beverly Hills, California 90210
(213) 276-7123 272-5436

Attorneys for Plaintiff

UNITED STATES DISTRICT COURT

CENTRAL DISTRICT OF CALIFORNIA

SOLO CUP COMPANY, a corporation, Plaintiff v. ILLINOIS TOOL WORKS, INC., a corporation, Defendant.	Civil Action No. 73-185-IH AFFIDAVIT OF JOHN F. FLANNERY

State of Illinois)
) SS
County of Cook)

John F. Flannery, being duly sworn, deposes and says:

1. I am an attorney licensed in Illinois and before the United States District Court, Northern District of Illinois.

2. I was one of the trial attorneys for Solo Cup Company in a patent infringement action entitled Illinois Tool Works, Inc. v. Solo Cup

Company, Civil Action No. 69 C 480, Northern District of Illinois. The trial, before Judge Austin, was completed on March 16, 1973. ITW has submitted its post trial brief, and its proposed findings and conclusions. Solo is now preparing its post trial brief.

3. I have read the affidavit of Robert W. Beart which he filed in the instant action. Mr. Beart submitted substantially the same affidavit in support of ITW's motion to transfer venue filed in a case involving the same patents as are in the ITW v. Solo case, entitled Sweetheart Plastics, Inc. v. Illinois Tool Works, Inc. 67 C 888 (S. D. N. Y.) and in opposition to Solo's motion to transfer venue filed in the Chicago ITW case. Copies of the two affidavits are attached as Exhibits A and B.

4. The corporate headquarters of Solo Cup Company is in Urbana, Illinois which is in the Eastern District of Illinois. The corporate records are kept in Urbana. Many of the operating executives of Solo Cup Company are located at the corporate headquarters. The officers of Solo Cup Company are located throughout the country, i. e., Urbana, Illinois; Baltimore, Maryland; Highland Park, Illinois; Kansas City, Missouri; and Los Angeles, California.

5. ITW owns a manufacturing plant in Charleston, Illinois which is in the Eastern District of Illinois.

6. Solo's president and chief executive officer is located in Los Angeles. Solo has a manufacturing plant in Santa Paula, California, a warehouse in Los Angeles, and its west coast district sales office in Los Angeles.

7. The division of ITW most closely associated with the subject matter of this litigation has a manufacturing plant, warehouse and office in Santa Fe, California which is in the Central District of California. ITW also has another plant in Burbank, California.

8. With respect to the affidavit filed by Mr. Beart in the Sweetheart case, Mr. Beart stated that ITW intended to call the following witnesses at the Sweetheart trial: Bryant Edwards, Frank Machac, Walter J. Simons, Donald L. Welshon, Silas S. Cathcart, Robert W. Beart, Michael Kovac, Harold Vogt and Joseph Smrz. However, at trial, ITW only called two of the nine named witnesses (i.e., Bryant Edwards and Donald L. Welshon) as witnesses. Mr. Beart in his affidavit in the Sweetheart case identified James P. Hume, Granger Cook Jr., Richard R. Trexler and Roy H. Olson as having some knowledge concerning the patents in suit. None of these persons, who supposedly had knowledge concerning the patents, were called as witnesses.

9. With respect to the affidavit filed by Mr. Beart in the ITW v. Solo Chicago litigation, Mr. Beart stated that ITW intended to call Bryant Edwards, Donald L. Welshon, Silas S. Cathcart and Robert W. Beart as witnesses. ITW called Mr. Edwards and Mr. Welshon as as fact witnesses but only called Mr. Beart as a witness on commercial success of the two ITW patents. However, Solo called Mr. Cathcart and Mr. Beart as adverse witnesses during its main case. In the affidavit filed in the ITW v. Solo Chicago case, Mr. Beart states that the following persons have some particular knowledge concerning the patents: James P. Hume, Granger Cook, Jr., Richard R. Trexler,

Roy H. Olson and Robert M. Wolters. However, none of these persons were called as witnesses during the trial.

10. Mr. Beart in both the Sweetheart affidavit and in the ITW v. Solo Chicago affidavit avers that there is a vast array of documents and over 400 physical exhibits and specimens in the files of ITW. During the ITW v. Solo Chicago litigation, the ITW documents produced from the ITW files (i.e., excluding Sweetheart documents, Continental Can documents, the Continental Can and Sweetheart trial transcripts and depositions) would barely fill one file drawer. It is not known where Mr. Beart obtained the number of "over 400 physical exhibits and specimens" because to my knowledge ITW did not produce anywhere near 400 physical exhibits for Solo's inspection. Mr. Beart mentions "one-of-a-kind" exhibits to trace the development of the patents. These are plastic cups and number only about two dozen. They can be all contained in a small box.

11. With respect to the affidavit filed by Mr. Beart in the instant action, Mr. Beart states that ITW intends to call Bryant Edwards, Silas S. Cathcart, and Robert Beart as witnesses at trial. Bryant Edwards has been called, in prior cases as an expert witness. Mr. Beart, in prior cases, has been one of the trial counsel for ITW.

Mr. Beart also states that ITW intends to call Grant Cheney, N. Jerome Rudy, William C. Goggin, Mr. Faubian, and Calvin A. Campbell, all of the Midland, Michigan area, as witnesses. These witnesses are all former or present employees of Dow Chemical Company and are located more than 100 miles from

Chicago. Therefore, they could not be compelled to testify at trial in Chicago.

12. Mr. Beart, in his affidavit filed herein, also avers that the following persons have some particular knowledge concerning the patents: James P. Hume, Granger Cook, Jr., Richard R. Trexler, Roy H. Olson, and Robert M. Wolters. Messrs. Hume, Cook and Trexler acted as trial counsel for ITW in the prior litigation. During the ITW v. Solo Chicago case, the depositions of Mr. Olson and Mr. Wolters were taken and both stated that they remembered very little about the '213 and '360 patents.

13. In the Beart affidavit filed herein, Mr. Beart again refers to the vast array of documents of ITW and the over 400 physical exhibits and specimens. As previously indicated, the ITW documents produced from ITW's files (i.e., excluding Continental Can and Sweetheart documents and ITW and Sweetheart trial transcripts and depositions) barely fill a file drawer. A great deal less than 400 physical exhibits and specimens were produced for Solo's inspection. As far as the "one-of-a-kind" physical exhibits are concerned, these would number only about two dozen and could be contained in a small box.

14. Mr. Beart, in his affidavit, does not mention that ITW intends to call Donald Welshon, formerly Conex Marketing Manager. Mr. Welshon has testified in the three prior trials involving the patents in suit about the initial marketing and planning phases of the container program of ITW. Mr. Welshon lives in Denver, Colorado which is closer to Los Angeles than Chicago.

15. ITW's post trial brief filed in the ITW v. Solo Chicago case discusses the allegation in the trial brief filed by Solo in the ITW v. Solo Cup Co. case in only one paragraph as follows:

> "These allegations are totally groundless and must be viewed as a last desperate attempt to present 'persuasive new evidence' in the case. Since these allegations are without factual support, it is impossible for ITW to make an appropriate response at this time. Accordingly, ITW leaves Solo 'to its proofs' and will make an appropriate response if needed in its Reply Brief."

16. ITW's proposed findings of fact, proposed conclusions of law, and proposed judgment filed in the ITW v. Solo Chicago case does not mention the allegations of Solo's trial brief.

/s/ John F. Flannery
John F. Flannery

Subscribed and sworn to before me this 13th day of April, 1973.

/s/ Dolores H. Hanna
My
Commissioner
expires
December 28, 1976

Deposition of Robert W. Beart

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

* * (Caption--No. 67 C 888) * *

(Filed May 26, 1967)

ROBERT W. BEART, being duly sworn, deposes and says:

1. I am Vice President, Patent and Legal Counsel, of Illinois Tool Works Inc. ("Illinois Tool Works"), defendant in the present action. I have served in that capacity since October 1958, and have been an employee of Illinois Tool Works for twenty-eight years. I make this affidavit in support of the motion of said defendant for an order transferring this civil action from the United States District Court for the Southern District of New York to the United States District Court for the Northern District of Illinois, Eastern Division, in Chicago, Illinois, "for the convenience of parties and witnesses, in the interest of justice," pursuant to 28 U. S. C. Section 1404(a). Except as otherwise stated, I make this affidavit upon personal knowledge.

2. I hold the degrees of Bachelor of Arts from Augustana College in Rock Island, Illinois; Bachelor of Laws from Chicago Kent College of Law, and Master of Patent Law from John Marshall Law School. I am a graduate of the Advanced Management Program of Harvard University. I have been an active member of the bar of the State of Illinois since 1947, and have been admitted to practice before the United States Patent Office since 1952. I am a member of the American Bar Association, the Chicago Bar Association, the American

Patent Law Association, and the Chicago Patent Law Association.

3. As defendant's Patent and Legal Counsel, I am responsible for all patent and other legal matters involving Illinois Tool Works. For example, I supervise the filing, and prosecution, of United States and foreign patent applications, the negotiation of patent licensing agreements, and the maintenance of patent records and licensing agreements.

Witnesses and Counsel for
Illinois Tool Works

4. I am thoroughly familiar with the personnel of Illinois Tool Works who have directly or indirectly contributed to the development of the two Letters of Patent, on the stacking devices of "Nestable Cups," which are the subject of the present litigation. I am in a position to identify and to explain the testimony of potential witnesses.

5. It is presently contemplated that the following persons, each of whom is an employee of the Conex Division of Illinois Tool Works, the division which developed, and presently uses, the patents in controversy, will be called to testify in defense of the above action. The Conex Division has its headquarters and principal place of business in Des Plaines, Illinois, a suburb of Chicago, and each of said witnesses resides in the immediate vicinity of Chicago.

Name	Current Position	Place of Residence (Suburbs of Chicago)
a. Bryant Edwards	Development Engineer	LaGrange, Illinois
b. Frank Machae	Production Manager Conex Division	Park Ridge, Illinois
c. Walter J. Simmons	Vice President of Illinois Tool Works and Manager of Conex Division	Arlington Heights, Illinois

6. Mr. Edwards, the inventor of both "Nestable Cup" patents, United States Patent Nos. 3,091,360 and 3,139,213, will testify about the development and use of the patents. Mr. Machae will testify about the production and manufacturing aspects of the container program. Mr. Simons will testify about the commercial success of the container products manufactured by the Conex Division.

7. Listed next are executive personnel of Illinois Tool Works, which has its headquarters and principal place of business in Chicago, Illinois. It is also contemplated that these persons will be witnesses, and each of them resides in the immediate vicinity of Chicago.

Name	Current Position	Place of Residence (Suburbs of Chicago)
a. Donald Welshon (formerly Conex Marketing Manager)	Corporate Planning Department	Elmhurst, Illinois
b. Silas S. Cathcart (formerly Division Manager of Fastex)	President of Illinois Tool Works Inc.	Lake Forest, Illinois
c. Robert W. Beart	Vice President, Patent and Legal Counsel	Park Ridge,
d. Michael Kovac	Patent Attorney	Northbrook, Illinois

8. Mr. Welshon will testify about the initial marketing and planning phases of the container program of Illinois Tool Works. He will also testify about the development activities of Bryant Edwards. Mr. Cathcart will testify about major managerial decisions and development activities of Illinois Tool Works involving the container program. He also has firsthand knowledge of the negotiations with competitors, including plaintiff, who were offered licenses under the patents in question. Your affiant will testify about the filing and prosecution history of the two patents, but negotiations for licenses, and the two patent infringement actions which have resulted from the refusal of plaintiff and Continental Can Company to respect the subject

patents. Mr. Kovac is responsible for the patent activities of the Conex Division and will testify regarding various legal and licensing problems, of both domestic and foreign origin, faced by that division.

9. In addition, it is presently contemplated that Harold Vogt and Joseph Smrz, two employees of Illinois Tool Works who live in the vicinity of Chicago, Illinois, will be called as witnesses. Mr. Vogt and Mr. Smrz are mouldmakers who, under the direction of Mr. Edwards, made the experimental moulds in connection with the patents here involved.

10. The following persons are not employed directly by Illinois Tool Works but have some particular knowledge concerning the patents. All reside in the Chicago area.

Name	Occupation	Place of Residence
a. James P. Hume	Outside Patent Counsel	Chicago, Illinois
b. Granger Cook, Jr.	Assistant Patent Counsel	Lake Forest, Illinois
c. Richard R. Trexler	Associate Patent Counsel	Skokie, Illinois
d. Roy H. Olson	Patent Counsel who prosecuted applications involved in action	Highland Park, Illinois

11. Both Mr. Hume and Mr. Cook have been retained by Illinois Tool Works as counsel in a patent infringement lawsuit brought by Illinois Tool Works against Continental Can Company, Inc. ("Continental Can"), entitled Illinois Tool Works Inc. v. Continental Can Company, Inc., Civil Action No. 65 C 2179, in the United States District Court for the Northern District of Illinois, Eastern Division. In said action Continental Can has been charged with infringing one of the "Nestable Cup" patents, No. 3,139,213, involved here. The action has been assigned to the Honorable Bernard Decker, United States District Judge. Pre-trial discovery has been substantially completed, and the case is set for trial on October 31, 1966. Many of the same documents, exhibits and records and much of the testimony to be used in that case are relevant and material in this case. Mr. Trexler, a patent attorney, is attorney of record for Illinois Tool Works in the Continental Can case. Mr. Olson, a patent attorney, had responsibility for the prosecution of the applications for the two patents which are now challenged.

12. In paragraphs 5 and 7 above, I have named seven officials of Illinois Tool Works who, it is contemplated, will be witnesses in the instant action. Bryant Edwards, Development Engineer; Frank Machae, Production Manager, Conex Division, Walter J. Simons, Vice President of Illinois Tool Works and Manager of Conex Division; Donald Welshon, Corporate Planning Department; Silas S. Cathcart, President of Illinois Tool Works; Robert W. Beart, Vice President, Patent and Legal Counsel; and Michael Kovac, Patent Attorney. The absence of these persons from Chicago for purposes of trial in New York will obviously have a serious adverse effect on the functioning

of Illinois Tool Works.

Documents of Illinois Tool Works

13. At a minimum, engineering reports, records relating to inventions, sales records, tests of products, and correspondence relating to the marketing of products will be needed in the present litigation. These documents, which number in the hundreds, have been obtained from the files of Illinois Tool Works and its Conex Division for use in the pending Chicago infringement action against Continental Can. These materials are presently under the supervision of outside counsel.

14. All of the legal files which pertain to the prosecution of the two patents, as well as files relating to competitive products and licenses, are found in one of the following four offices:

1. Illinois Tool Works Inc., 2501 North Keeler Avenue, Chicago, Illinois (Office of Robert W. Beart).

2. W. J. Simons, Vice President, Conex Division, Illinois Tool Works Inc., 1901 S. Mt. Prospect Road, Des Plaines, Illinois.

3. James P. Hume, Counsel, First National Bank Building, Chicago, Illinois.

4. Richard R. Trexler, Counsel, 141 West Jackson Boulevard, Chicago, Illinois.

15. In the preparation of the trial of the instant action a vast array of documents in the files of or belonging to Illinois Tool Works will be required. There is no question that moving the hundreds of documents to New York, which we already know are necessary to present our own case, would be expensive and wasteful and would interfere with the orderly administration of Illinois Tool Works.

16. Over 400 physical exhibits and specimens relating to the two inventions are to be

found in the archives of the company, at 2501 North Keeler Avenue, Chicago, Illinois, or at the Conex Division headquarters in Des Plaines, Illinois. Many of the physical exhibits and specimens will be used to trace the development of the patents and are "one-of-a-kind" items. These unique exhibits cannot be duplicated. The danger of the loss or destruction of these exhibits during a New York suit is a possibility that cannot be overlooked.

17. Moreover, the removal of the enumerated records, documents and exhibits would be impossible for some time since removal would result in the virtual paralysis of the work being done by outside counsel in the Continental Can action, which goes to trial on October 31, 1966.

Sweetheart Plastics, Inc.

18. The plaintiff in this action, Sweetheart Plastics, Inc. ("Sweetheart Plastics"), is incorporated under the laws of the State of Maryland and has its principal place of business in Wilmington, Massachusetts. Sweetheart Plastics is a wholly owned subsidiary of Maryland Cup Corporation ("Maryland Cup"), which is incorporated under the laws of the State of Maryland and has its principal executive offices located in and around Baltimore, Maryland. Sweetheart Cup Corporation ("Sweetheart Cup"), which is incorporated under the laws of the State of Maryland and has its principal place of business in Chicago, Illinois, is also a wholly-owned subsidiary of Maryland Cup. The products which are manufactured by Sweetheart Plastics and which infringe upon defendant's patents are sold through Sweetheart Cup as exclusive sales agent for Maryland Cup and Sweetheart Plastics.

19. Neither Maryland Cup, Sweetheart Plastics nor Sweetheart Cup is registered with the Secretary of State of New York as doing business in New York.

20. Maryland Cup and Sweetheart Cup have extensive facilities in Chicago, Illinois, and have recently announced a substantial increase in their activities in the State of Illinois.

21. The facts set forth in paragraphs 18-20 are stated upon information and belief. The source of my information and belief is annual reports of Maryland Cup, Dunn & Bradstreet summaries, material received from Corporation Trust Company, a newspaper report, and information obtained during my negotiations with various corporate officers of Sweetheart Plastics in connection with an offer by Illinois Tool Works to license to Sweetheart Plastics the use of the patents in controversy in this action.

22. On the basis of the information presently available to me, it seems unlikely that any witness in this case, either for plaintiff or defendant, will be a person who is a resident of New York.

Pending Action in Illinois by Illinois Tool Works Against Maryland Cup and Sweetheart Cup

23. One June 30, 1966, after an exchange of correspondence which had commenced in January, 1966, Illinois Tool Works offered to license to Sweetheart Plastics and Maryland Cup the use of one or more of four patents, including the patents here in controversy. This offer was made by me, on behalf of Illinois Tool Works, in the office of Mr. Samuel H. Shapiro, President of Sweetheart Plastics, in Wilmington, Massachusetts. Mr. Shapiro said he would

take the matter under advisement and that if he himself could not reach a decision on the matter, he would present it to the Board of Directors of Maryland Cup during a meeting scheduled for August 8, 1966, and would thereafter promptly advise me of the decision reached. Instead of advising me of the decision, Sweetheart Plastics commenced the instant action in the Southern District of New York; a state in which it is not even registered to do business. The summons was issued on August 15, 1966, and was purportedly served on August 23, 1966.

24. Illinois Tool Works was negotiating with Sweetheart Plastics in good faith. Sweetheart Plastics, on the other hand, was apparently using this time for forum shopping.

25. On September 2, 1966, Illinois Tool Works filed suit, in the District Court for the Northern District of Illinois, Eastern Division (Civil Action No. 66 C 1609) against Maryland Cup and Sweetheart Cup for infringement of the two "Nestable Cup" patents. Since one of these patents is involved in the Continental Can case, the action against Maryland Cup and Sweetheart Cup was deemed a "related case" under Rule 10 of the Rules of the Northern District of Illinois and was assigned for all purposes to Judge Decker, who also has the Continental Can case. If the instant action is transferred to the Northern District of Illinois, it, too, will be treated as a "related case" and assigned to Judge Decker.

26. For the reasons enumerated in this affidavit, the Northern District of Illinois is the appropriate forum in which to try this case. Illinois Tool Works' patent trial counsel have their offices in Chicago, Illinois. By reason of their preparation for the Continental Can case they are thoroughly familiar with all the facts and issues raised by the complaint herein.

Were this case to be tried in the Southern District of New York, it would probably be necessary for Illinois Tool Works to retain patent counsel in New York and to familiarize a second counsel with the facts and issues at substantial additional expense and much duplicated time and effort on the part of officers of the company.

27. All of the potential witnesses of Illinois Tool Works both patent experts and company officers, reside in or around the proposed transfer forum, Chicago, Illinois. And, so far as can be ascertained, none of plaintiff's potential witnesses has any connection with the Southern District of New York. Since plaintiff's witnesses must travel in any case, and since air travel minimizes any disparity in the distance between their present locations and Chicago or New York, the cost of a change of venue for plaintiff would be minimal. On the other hand, the cost to Illinois Tool Works of a New York action, in terms of travel expenses, and more importantly, in terms of the absence of crucially important corporate officers and engineers, would be incalculable.

/s/ Robert W. Beart
Robert W. Beart

Subscribed and sworn to before me this 8 day of October, 1966.

/s/ Charles E. Lahiguera
Charles E. Lahiguera
Vice Consul of the United States of America

CERTIFICATE

I, Charles E. Lahiguera, Vice Consul of the United States of America at Munich, Federal Republic of Germany, duly commissioned and qualified, hereby certify that Robert W. Beart,

whose name is subscribed to the annexed affidavit, and who is known to me, personally appeared before me this day at the place above named and, being first duly sworn by me, stated that the facts contained in said affidavit are true to his own knowledge and then, in my presence, subscribed his name thereto.

In Witness Whereof, I have hereunto set my hand and affixed the seal of the Consulate General of the

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

ILLINOIS TOOL WORKS INC.,	)	
Plaintiff,	)	Civil Action
v.	)	No. 69 C 480
SOLO CUP COMPANY,	)	
Defendant.	)	

AFFIDAVIT OF ROBERT W. BEART

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

ROBERT W. BEART, being duly sworn, deposes and says:

1. I am a Senior Vice President, Patent and Legal Counsel, of Illinois Tool Works Inc. ("Illinois Tool Works"), plaintiff in the present action. I have served in that capacity since October 1958, and have been an employee of Illinois Tool Works for thirty-four years. I make this affidavit in opposition to the motion of Solo Cup Co. to change the venue of the present action from the United States District Court for the Northern District of Illinois to the United States District Court for the Western District of Missouri pursuant of 28 U. S. C. 1404(a).

2. I hold the degrees of Bachelor of Arts from Augustana College in Rock Island, Illinois; Juris Doctor from Chicago Kent College of Law; and Master of Patent Law from John Marshall Law School. I am a graduate of the Advanced Management Program of Harvard University. I have been an active member of the bar of the State of Illinois since 1947, and have been admitted to practice before the United States Patent Office since 1952. I am a member of the American Bar Association, the Chicago Bar Association, the American Patent Law Association, and the Chicago Patent Law Association.

3. As defendant's Patent and Legal Counsel, I am responsible for all patent and other legal matters involving Illinois Tool Works. For example, I supervise the filing, and prosecution, of United States and foreign patent applications, the negotiation of patent licensing agreements, and the maintenance of patent records and licensing agreements.

Witnesses and Counsel for
Illinois Tool Works

4. I am thoroughly familiar with the personnel of Illinois Tool Works who have directly or indirectly contributed to the development of the two Letters Patent, on the stacking devices of "Nestable Cups," which are the subject of the present litigation. I am in a position to identify and to explain the testimony of potential witnesses.

5. It is presently contemplated that Mr. Bryant Edwards, the inventor of the patent in suit and an employee of the Conex Division of Illinois Tool Works, and Donald Welshon, formerly Conex Marketing Manager, will be called to testify in the above entitled action.

It is further contemplated that Silas S. Cathcart, Chairman of the Board of Directors of Illinois Tool Works Inc. and I, in my capacity as Senior Vice President, patent and legal counsel, may be called upon to testify in the above action. Mr. Edwards, Mr. Cathcart and I reside in the immediate vicinity of the City of Chicago. Mr. Welshon now resides in the vicinity of Denver, Colorado. As presently advised, Illinois Tool Works will not require any witnesses from the Kansas City area to appear at trial. Further, Illinois Tool Works knows of no potential non-party witnesses who reside in the Kansas City area.

6. The following persons are not employed directly by Illinois Tool Works but have some particular knowledge concerning the patents. All reside in the Chicago area.

Name	Occupation	Place of Residence
a. James P. Hume	Outside Patent Counsel	Chicago, Illinois
b. Granger Cook, Jr.	Outside Patent Counsel	Lake Forest, Illinois
c. Richard R. Trexler	Associate Patent Counsel	Skokie, Illinois
d. Roy H. Olson	Patent Counsel who prosecuted appli-	Highland Park, Illinois

e.	Robert M. Wolters	Patent Counsel who prosecuted applications involved in action	Deerfield, Illinois

Both Mr. Hume and Mr. Cook were retained as counsel in the patent infringement action brought by Illinois Tool Works against Continental Can Company, Inc. ("Continental Can"), entitled Illinois Tool Works Inc. v. Continental Can Company, Inc., Civil Action 65 C 2179, in the United States District Court for the Northern District of Illinois, Eastern Division. In this action, Continental Can was charged with infringing Illinois Tool Works' patent Nos. 3,139,213 and 3,091,360 (the two patents in suit in the present action). Mr. Hume and Mr. Cook were retained as counsel in a patent infringement action brought by Illinois Tool Works against Foster Grant Company, entitled Illinois Tool Works Inc. v. Foster Grant Co (69 C 481) in the United States District Court for the Northern District of Illinois, Eastern Division. In this action, Foster Grant is charged with infringing Illinois Tool Works' patent Nos. 3,139,213 and 3,061,139 (the '213 patent is asserted in this action).

Documents of Illinois Tool Works

7. At a minimum, engineering reports, records relating to inventions, sales records, tests of products, and correspondence relating to the marketing of products will be needed in the present litigation. These documents, which number in the hundreds, have been obtained from the files of Illinois Tool Works and its Conex Division for use in the pending Chicago infringement actions against Solo Cup Co. and Foster Grant Co.

8. All of the legal files which pertain to the prosecution of the two patents, as well as files relating to competitive products and licenses, are found in one of the following three offices:

1. Illinois Tool Works Inc., 8501 West Higgins Road, Chicago, Illinois (Office of Robert W. Beart).

2. James P. Hume, Counsel, First National Bank Building, Chicago, Illinois.

3. Richard R. Trexler, Counsel, 141 West Jackson Boulevard, Chicago, Illinois.

9. In the preparation of the trial of the instant action a vast array of documents in the files of or belonging to Illinois Tool Works will be required. There is no question that moving the hundreds of documents to Missouri, which we already know are necessary to present our own case, would be expensive and wasteful and would interfere with the orderly administration of Illinois Tool Works.

10. Over 400 physical exhibits and specimens relating to the two inventions, as well as numerous documents, are to be found either as exhibits presently under the supervision of the attorneys representing us in the pending Foster Grant and Solo cases, or to be found in the archives of the company, at 8501 West Higgins Road, Chicago, Illinois, or at the Conex Division headquarters in Des Plaines, Illinois. Many of the physical exhibits, specimens, and documents will be used to trace the development of the patents and are "one-of-a-kind" items. These unique exhibits cannot be duplicated. The danger of the loss or destruction of these exhibits

during a Missouri suit is a possibility that cannot be overlooked.

11. For the reasons enumerated in this affidavit, the Northern District of Illinois is the appropriate forum in which to try this case. Illinois Tool Works' patent trial counsel have their offices in Chicago, Illinois. By reason of their preparation for the above cases they are thoroughly familiar with all the facts and issues raised by the complaint herein. Were this case to be tried in Missouri, it would probably be necessary for Illinois Tool Works to retain patent counsel in Missouri and to familiarize a second counsel with the facts and issues at substantial additional expense and much duplicated time and effort on the part of officers of the company.

/s/ Robert W. Beart
Robert W. Beart

Subscribed and sworn to before me
this 12th day of September, 1972
/s/ William L. McGee

JEROME B. ROSENTHAL/GERALD KRUPP
250 North Canon Drive
Beverly Hills, California 90210
(213) 276-7123 272-5436

Attorneys for Plaintiff

UNITED STATES DISTRICT COURT

CENTRAL DISTRICT OF CALIFORNIA

SOLO CUP COMPANY a corporation, Plaintiff	Civil Action No. 73-185-IH
v.	AFFIDAVIT OF JEROME B. ROSENTHAL
ILLINOIS TOOL WORKS INC., a corporation, Defendant.	

STATE OF CALIFORNIA)
) SS
COUNTY OF LOS ANGELES)

Jerome B. Rosenthal, being duly sworn, deposes and says:

1. I am an attorney licensed to practice in the State of California, and one of the attorneys of record for Solo Cup Company, Plaintiff herein; I have been admitted to practice before the United States District Court, Central District of

California.

2. I refer to the affidavit of John F. Flannery dated April 13, 1973, being filed concurrently herewith.

In his affidavit, Mr. John F. Flannery makes various references, in turn, to the affidavit on file herein of Robert W. Beart, Senior Vice President, Patent and Legal counsel of Illinois Tool Works, Inc., Defendant in the instant action.

3. Today on the long distance telephone, Mr. John Flannery with whom I spoke at length, dictated to me additional averments which he wanted appended to or to be considered as supplemental to his own affidavit or the information contained therein, referred to above as filed herein, dated April 13, 1973.

4. Referring to the particular portions of his affidavit in which he in turn refers to the various averments made by Robert W. Beart, concerning certain physical exhibits, Mr. Flannery dictated the following to me, and which I had recorded and transcribed at his request, and incorporate herein:

> "The physical exhibits are cups which weigh about 1/5 of an ounce each, and are about $3\frac{1}{2}$" tall. All of the cups used in the ITW v. Solo, Chicago litigation (other than the cups introduced to show commercial success) can be contained in at most 2 boxes each of which measures about 12" x 15" x 11" and would weigh about 4 pounds. Even if there were 400 physical exhibits, which Solo denies, they would only weigh about

6 pounds without the boxes, or a total of 10 pounds with the boxes.

"Many of these cups were hand-carried from Chicago by the attorneys to Los Angeles, to Florida, to Albany, New York, to New York City, and to New Jersey during the discovery aspects and periods. The cups were hand carried each day to the depositions; they were repeatedly hand carried between the offices of the attorneys, and the court during the trial of the action ITW v. Solo in the Chicago litigation. The one-of-a-kind exhibits to trace the development of the ITW patents mentioned in Par. 11 of Mr. Beart's affidavit are plastic cups in number about two dozen. The two dozen plastic cups weight less than about 1 pound and can be all contained in a small box measuring 4" x 4" x $1\frac{1}{2}$".

"All of the cups referred to above may be very conveniently carried because they "nest", i.e. they fit into each other, telescope fashion."

/s/ Jerome B. Rosenthal
Jerome B. Rosenthal

Subscribed and sworn to before me this 3d day of May, 1973.

/s/ Rose S. Samet
Notary Public in and
for said County and State

GIBSON, DUNN & CRUTCHER
SAMUEL O. PRUITT, JR.
DEAN STERN
515 South Flower Street
Los Angeles, California 90071
620-9300

HUME, CLEMENT, BRINKS, WILLIAN,
OLDS & COOK LTD.
GRANGER COOK, JR.
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JOHN L. CLINE
One First National Plaza
Chicago, Illinois 60670
(312) 726-4848

Attorneys for Defendant Illinois Tool Works, Inc.

UNITED STATES DISTRICT COURT

CENTRAL DISTRICT OF CALIFORNIA

SOLO CUP COMPANY, a corporation, Plaintiff, vs. ILLINOIS TOOL WORKS, INC., a corporation, Defendant.	CIVIL ACTION NO. 73-185-IH AFFIDAVIT OF ROBERT W. BEART

Attached hereto is the Affidavit of Robert W. Beart.

GIBSON, DUNN & CRUTCHER
SAMUEL O. PRUITT, JR.
DEAN STERN

and

HUME, CLEMENT, BRINKS,
WILLIAN, OLDS & COOK, LTD.
GRANGER COOK, JR.
JAMES P. HUME
JOHN L. CLINE

By /s/ Samuel O. Pruitt, Jr.
Samuel O. Pruitt, Jr.

Attorneys for Defendant
Illinois Tool Works, Inc.

Samuel O. Pruitt, Jr. /Dean Stern
GIBSON, DUNN & CRUTCHER
515 South Flower Street
Los Angeles, California 90071
620-9300

Granger Cook, Jr. /James P. Hume/John L. Cline
HUME, CLEMENT, BRINKS, WILLIAN, OLDS
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One First National Plaza
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(312) 726-4848

Attorneys for Defendant ITW

UNITED STATES DISTRICT COURT

CENTRAL DISTRICT OF CALIFORNIA

SOLO CUP COMPANY, a corporation,	)	No. 73-185-IH
Plaintiff,	)	
vs.	)	AFFIDAVIT OF ROBERT W. BEART
ILLINOIS TOOL WORKS INC., a corporation,	)	
Defendant.	)	

STATE OF CALIFORNIA)
) SS
COUNTY OF LOS ANGELES)

ROBERT W. BEART, being duly sworn, deposes and says:

1. I am a Senior Vice President, Patent and Legal Counsel, of Illinois Tool Works Inc.,

defendant in the present action. I have served as a vice-president since October 1958, and have been an employee of Illinois Tool Works for thirty-four years. I make this affidavit in support of the motion of Illinois Tool Works Inc. to change the venue of the present action from the United States District Court for the Central District of California to the United States District Court for the Northern District of Illinois, Eastern Division pursuant to 28 USC 104(a).

2. I hold the degrees of Bachelor of Arts from Augustanta College in Rock Island, Illinois; Juris Doctor from Chicago Kent College of Law; and Master of Patent Law from John Marshall Law School. I am a graduate of the Advanced Management Program of Harvard University. I have been an active member of the bar of the State of Illinois since 1947, and have been admitted to practice before the United States Patent Office since 1952. I am a member of the American Bar Association, the Chicago Bar Association, the American Patent Law Association, and the Chicago Patent Law Association.

3. As defendant's Patent and Legal Counsel, I am responsible for all patent and other legal matters involving Illinois Tool Works Inc. For example, I supervise the filing, and prosecution, of United States and foreign patent applications, the negotiation of patent licensing agreements, and the maintenance of patent records and licensing agreements.

4. I have compared the Complaint in this case with the Trial Brief filed by Solo in ITW v. Solo Cup Co. now pending in Chicago, which is attached to ITW's Memorandum as Exhibit A. In my opinion the same factual and legal issues are present in both cases. Substantially all of ..

those facts have occurred in the Chicago area and none have occurred in the California area.

Witnesses and Counsel
for Illinois Tool Works

5. I am thoroughly familiar with the personnel who have directly or indirectly contributed to the development of the two Letters Patent on "Nestable Cups", and the licensing thereof, which are involved in the present litigation. I am in a position to identify and to explain the testimony of potential witnesses.

5. It is presently contemplated that Mr. Bryant Edwards the inventor of the patent in suit and an employee of the Conex Division of Illinois Tool Works Inc. will be called to testify in the above entitled action. It is further contemplated that Silas S. Cathcart, Chairman of the Board of Directors of Illinois Tool Works Inc. and I, in my capacity as Senior Vice President, patent and legal counsel, may be called upon to testify in the above action. Mr. Edwards, Mr. Cathcart and I reside in the immediate vicinity of the City of Chicago. It is also contemplated that Grant Cheney, N. Jerome Rudy, William C. Goggin, Mr. Faubian, and Calvin A. Campbell will be called to testify. They all reside in the Midland, Michigan area. As presently advised, Illinois Tool Works Inc. will not require any witnesses from the California area to appear at trial. Further, Illinois Tool Works Inc. knows of no potential non-party witnesses who reside in the California area.

7. The following persons are not employed directly by Illinois Tool Works Inc. but have some particular knowledge concerning the patents. All reside in the Chicago area.

Name	Occupation	Place of Residence
a. James P. Hume	Outside Patent Counsel	Chicago, Illinois
b. Granger Cook, Jr.	Outside Patent Counsel	Lake Forest, Illinois
c. Richard R. Trexler	Associate Patent Counsel	Skokie, Illinois
d. Roy H. Olson	Patent Counsel who prosecuted patents involved in this action.	Highland Park, Illinois
e. Robert M. Wolters	Patent Counsel who prosecuted patents involved in this action.	Deerfield, Illinois

Both Mr. Hume and Mr. Cook were retained as counsel in the patent infringement action brought by Illinois Tool Works Inc. against Continental Can Company, Inc. ("Continental Can"), entitled Illinois Tool Works Inc. v. Continental Can Company, Inc., Civil Action 65 C 2179, in the United States District Court for the Northern District of Illinois, Eastern Division. In this action, Continental Can was charged with infringing Illinois Tool Works Inc.'s patent No. 3,139,213 (one of the patents in suit in this

action). This action was assigned to the Honorable Bernard Decker. Both Mr. Hume and Mr. Cook were retained as counsel in a patent infringement lawsuit brought by Illinois Tool Works Inc. against Sweetheart Plastics, Inc. et al., entitled, Illinois Tool Works Inc. v. Sweetheart Plastics, Inc., Maryland Cup Corporation, and Sweetheart Cup Corporation, Civil Action No. 66 C 1609, in the United States District Court for the Northern District of Illinois, Eastern Division. In this action, Sweetheart, et al., was charged with infringing Illinois Tool Works Inc's patent Nos. 3,139,213 and 2,091,360 (the two patents involved in the present action). Mr. Hume and Mr. Cook were retained as counsel in a patent infringement action brought by Illinois Tool Works Inc. against Foster Grant Company, entitled Illinois Tool Works Inc. v. Foster Grant Co. (69 C 481) in the United States District Court for the Northern District of Illinois, Eastern Division. In this action, Foster Grant is charged with infringing Illinois Tool Works Inc. 's patent Nos. 3,139,213 and 3,061,139 (the '213 patent is asserted in this action).

Documents of Illinois Tool Works

8. At a minimum, engineering reports, records relating to inventions, sales records, tests of products, and correspondence relating to the marketing of products will be needed in the present litigation. These documents, which number in the hundreds, have been obtained from the files of Illinois Tool Works Inc. and its Conex Division for use in the pending Chicago infringement actions against Solo Cup Co. and Foster Grant Co.

9. All of the legal files which pertain to the prosecution of the two patents, as well as files relating to competitive products and licenses, are found in one of the following three offices:

1. Illinois Tool Works Inc., 8501 West Higgins Road, Chicago, Illinois (Office of Robert W. Beart).

2. James P. Hume, Counsel, First National Bank Building, Chicago, Illinois.

3. Richard R. Trexler, Patent Counsel, 141 West Jackson Boulevard, Chicago, Illinois.

10. In the preparation of the trial of the instant action a vast array of documents in the files of or belonging to Illinois Tool Works Inc. will be required. There is no question that moving the thousands of documents to California, which we already know are necessary to present our own case, would be expensive and wasteful and would interfere with the orderly administration of Illinois Tool Works Inc.

11. Over 400 physical exhibits and specimens relating to the two inventions, as well as numerous documents, are to be found either as exhibits presently under the supervision of the attorneys representing us in the pending Foster Grant and Solo cases, or to be found in the archives of the company, at 8501 West Higgins Road, Chicago, Illinois or at the Conex or Fastex Divisional Headquarters in Des Plaines, Illinois. Many of the physical exhibits, specimens, and documents will be used to trace the development of the patents and are "one-of-a kind" items. These unique exhibits cannot be duplicated. The danger of the loss or destruc-

tion of these exhibits during a California suit is a possibility that cannot be overlooked.

12. ITW has its main corporate offices and its corporate headquarters in Chicago, Illinois. ITW has its legal department, all of its divisional offices, and many of its major manufacturing facilities in the Chicagoland area. The division of ITW most closely associated with the '213 and '360 patents is located in Des Plaines, Illinois, a suburb of Chicago.

13. For the reasons enumerated in this affidavit Northern District of Illinois is the appropriate forum in which to try this case. Illinois Tool Works' trial counsel have their offices in Chicago, Illinois. By reason of their preparation for the above cases they are tho thoroughly familiar with all the facts and issues raised by the complaint herein. Were this case to be tried in California, it would probably be necessary for Illinois Tool Works to retain counsel in California and to familiarize a second counsel with the facts and issues at substantial additional expense and much duplicated time and effort on the part of officers of the company.

/s/ Robert W. Beart
Robert W. Beart

Subscribed and Sworn to before me
this 26th day of March, 1973.

/s/ Ann Marie Dooley
Notary Public
May commission expires 2 April 1974.

CERTIFICATE OF SERVICE BY MAIL

LILLI B. MUSIL certifies as follows:

I am a citizen of the United States and am employed in the County of Los Angeles, State of California; I am over the age of eighteen years and am not a party to this action; my business address is 515 South Flower Street, Los Angeles, in said County and State; I am employed in the office of Dean Stern, Esq., a member of the bar of this Court, and at his direction on the 2nd day of April, 1973, I served the within

AFFIDAVIT OF ROBERT W. BEART

on the Plaintiff
in this action, by placing 1 true copy(ies) thereof in an envelope addressed to its attorney(s) of record, addressed as follows:

Jerome B. Rosenthal, Esq.
250 North Canon Drive
Beverly Hills, California 90210

and by then sealing said envelope and depositing the same, with postage thereon fully prepaid, in the mail at Los Angeles, California.

I certify under penalty of perjury that the foregoing is true and correct.

Executed on April 2, 1973, at Los Angeles, California.

_____

Declarant

GIBSON, DUNN & CRUTCHER
SAMUEL O. PRUITT, JR.
DEAN STERN
515 South Flower Street
Los Angeles, California 90071
620-9300

HUME, CLEMENT, BRINKS, WILLIAN,
OLDS & COOK, LTD.
GRANGER COOK, JR.
JAMES P. HUME
JOHN L. CLINE
One First National Plaza
Chicago, Illinois 60670
(312) 726-4848

Attorneys for Defendant Illinois Tool Works Inc.

UNITED STATES DISTRICT COURT

CENTRAL DISTRICT OF CALIFORNIA

SOLO CUP COMPANY a corporation, Plaintiff, vs. ILLINOIS TOOL WORKS INC., a corporation, Defendant.	) CIVIL ACTION NO. 73-185-IH)NOTICE OF MOTION, MOTION TO DISMISS PLAINTIFF'S COMPLAINT, OR IN THE ALTERNATIVE, FOR A CHANGE OF VENUE AND TRANSFER OR, IN THE ALTERNATIVE, TO STAY THIS ACTION

TO THE PARTIES HERETO AND TO THEIR ATTORNEYS OF RECORD:

YOU, AND EACH OF YOU, WILL PLEASE TAKE NOTICE that defendant ILLINOIS TOOL WORKS INC. will move this Court, in the Courtroom of the Honorable Irving Hill, located at the United States Court House at 312 North Spring Street, Los Angeles, California, on the 30th day of April, 1973, at the hour of 10:00 A. M., or as soon thereafter as counsel may be heard, for an order dismissing plaintiff's Complaint, or in the alternative, for an order changing venue and transferring this case under Section 1404(a) of the Federal Rules of Civil Procedure, or, in the alternative, for an order staying this action.

MOTION

Defendant Illinois Tool Works Inc., by and through its attorneys of record, hereby moves this honorable Court for an order dismissing plaintiff's Complaint herein.

Said motion is made upon the ground that the final judgment in ITW v. Solo, Civil Action No. 69-C-480 brought by defendant herein against plaintiff herein and now pending before the United States District Court for the Northern District of Illinois, Eastern Division, will finally conclude and dispose of all of plaintiff's claims set forth in the Complaint herein now pending before this Court. Said motion will be based upon this Notice of Motion and Motion, together with the Memorandum of Points and Authorities in support hereof filed concurrently herewith and the other papers, documents, and pleadings contained within the Court's file herein.

In the event defendant's motion to dismiss is denied, then defendant moves this honorable Court for an order changing venue and transferring this case under the provisions of Section 1404(a) of the Federal Rules of Civil Procedure.

Said motion is made upon the ground that the convenience of the parties and the convenience of the witnesses herein will be best served by such a change of venue and transfer, and upon the ground that same is in the interest of justice. Said motion is based upon this notice of motion and motion, together with the affidavit of Mr. Beart, and memorandum of points and authorities in support hereof filed concurrently herewith and the other papers, documents, and pleadings contained within the Court's file herein.

In the event defendant's motions to dismiss the Complaint and for a change of venue and transfer of this case are denied, then defendant hereby moves this honorable Court for an order staying this action until such time as a final disposition in Civil Action 69-C-480 has been made.

Said motion is made on the ground that such a stay of the proceedings is appropriate and necessary to prevent relitigation of the issues herein, in the interests of justice, and to promote judicial economy and the convenience of the Court. Said motion will be based upon this notice of motion and motion, together with the memorandum of points and authorities in support hereto filed concurrently herewith and the other papers, documents, and pleadings contained within the Court's file herein.

Dated: April 2, 1973.

GIBSON, DUNN & CRUTCHER
SAMUEL O. PRUITT, JR.
DEAN STERN

and

HUME, CLEMENT,
BRINKS, WILLIAN, OLDS
& COOK, LTD.
GRANGER COOK, JR.
JAMES P. HUME
JOHN L. CLINE

By /s/ Samuel O. Pruitt, Jr.
Samuel O. Pruitt, Jr.
Attorneys for Defendant
Illinois Tool Works, Inc.

CERTIFICATE OF SERVICE BY MAIL

LILLY MUSIL certifies as follows:

I am a citizen of the United States and am employed in the County of Los Angeles, State of California; I am over the age of eighteen years and am not a party to this action; my business address is 515 South Flower Street, Los Angeles, in said County and State; I am employed in the office of DEAN STERN, a member of the bar of this Court, and at his direction on the 2nd day of April, 1973, I served the within NOTICE OF MOTION, AND MOTION, TO DISMISS PLAINTIFF'S COMPLAINT, OR IN THE ALTERNATIVE, FOR A CHANGE OF VENUE AND TRANSFER OR, IN THE ALTERNATIVE, TO STAY THIS ACTION

on the Plaintiff
in this action, by placing 1 true copy(ies) thereof in an envelope addressed to its attorney(s) of record, addressed as follows:

Jerome B. Rosenthal, Esquire
250 North Canon Drive
Beverly Hills, California 90210

and by then sealing said envelope and depositing the same, with postage thereon fully prepaid, in the mail at Los Angeles, California.

I certify under penalty of perjury that the foregoing is true and correct.

Executed on April 2, 1973, at Los Angeles, California.

Declarant

GIBSON, DUNN & CRUTCHER
SAMUEL O. PRUITT, JR.
DEAN STERN
515 South Flower Street
Los Angeles, California 90071
Telephone: 213/620-9300

HUME, CLEMENT, BRINKS, WILLIAN, OLDS & COOK, LTD.
GRANGER COOK, JR.
JAMES P. HUME
JOHN L. CLINE
One First National Plaza
Chicago, Illinois 60670
Telephone: 312/726-4848

Attorneys for Defendant Illinois Tool Works Inc.

UNITED STATES DISTRICT COURT

CENTRAL DISTRICT OF CALIFORNIA

No. 73-185-IH

SOLO CUP COMPANY, a corporation, Plaintiff, vs. ILLINOIS TOOL WORKS INC., a corporation, Defendant.	MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT OF DEFENDANT ILLINOIS TOOL WORKS INC.'S MOTIONS TO DISMISS THE COMPLAINT, OR IN THE ALTERNATIVE, FOR A CHANGE OF VENUE AND TRANSFER, OR IN THE ALTERNATIVE, TO STAY THIS ACTION

This memorandum is filed in support of

briefs for that proceeding.

II

SOLO'S COMPLAINT

What is striking about Solo's Complaint in this case is that, from an allegation standpoint, it is virtually identical to the affirmative defenses and counterclaim which Solo relied upon in the Chicago case. In this action, Solo seeks a declaration of invalidity with respect to United States Patent No. 3,091,360 and No. 3,139,213 -- the same patents being adjudicated in the Chicago case. In the Chicago case, Solo labeled its factual allegation as giving rise to a defense of patent misuse. In this case, however, Solo has alleged the same facts but has attached a new label. This time, it alleges violations of the antitrust laws and unfair competition. Stripped of these labels, however, the factual allegations are identical.

To demonstrate this point, ITW has attached to this memorandum as Exhibit "A", the Trial Brief of Solo, which was filed in the Chicago case on February 6, 1973. Paragraphs 7-8 of Solo's Complaint in this case allege that ITW, beginning in 1956, attempted to monopolize interstate trade and commerce in the manufacture and sale of thin-wall disposable plastic cups, by embarking on a program of obtaining patents "to curtail competition and to control potential competitors" in this field. But, the same allegation is contained on page 2 of Solo's Trial Brief (Exhibit "A", attached). Likewise, paragraph 9 of Solo's Complaint in this case alleges that ITW entered a license agreement with one Politis of Athens, Greece, which allegedly prevented Politis from licensing or

civulging know-how to other companies. But, here again, the first full paragraph on page 2 of Solo's Trial Brief in the Chicago case (Exhibit "A", attached) is identical to this allegation.

In fact, it is not even necessary in this memorandum to restate and summarize each of the remaining factual allegations contained in plaintiff's Complaint. A side-by-side comparison of plaintiff's Complaint with its Trial Brief in the Chicago case (Exhibit "A", attached) demonstrates beyond all doubt that the factual allegations contained in each document are identical "word for word".

Solo's Complaint In This Case	Solo's Trial Brief in The Chicago Case (Exhibit "A", attached)
Paragraph 10	Pages 2-3
Paragraph 11	First full paragraph on page 3
Paragraph 12	Last paragraph on page 3
Paragraph 13	First full paragraph on page 4
Paragraph 14	Last paragraph on page 4
Paragraph 15	First full paragraph on page 5
Paragraph 16	Second paragraph on page 5
Paragraph 17	Last paragraph on page 5 through page 6

Solo's Complaint In This Case	Solo's Trial Brief in The Chicago Case (Exhibit "A", attached
Paragraph 18	First full paragraph on page 6
Paragraph 19	Last paragraph on page 6 through page 7
Paragraph 20	First full paragraph on page 7
Paragraph 21	Last paragraph on page 7 through page 8
Paragraph 22	Last paragraph on page 8 through page 10
Paragraph 23	First full paragraph on page 10
Paragraph 24	Last paragraph on page 10 through page 11
Second Paragraph 24	First paragraph on page 12 through page 13
Paragraph 25	Second full paragraph on page 13
Paragraph 26	Last paragraph on page 13 through page 14
Paragraph 27	First full paragraph on page 14
Paragraph 28	Last paragraph on page 14 through page 15

Solo's Complaint In This Case	Solo's Trial Brief in The Chicago Case (Exhibit "A", attached)
Paragraph 29	Second paragraph on page 15

Even more importantly, however, and as Solo itself stated in its Trial Brief in the Chicago case, Solo was prepared to establish these factual allegations through evidence presented during the Chicago trial:

> "It is believed that the following discussion of the facts with respect to the misuse issue . . . as we foresee they will be established by the evidence, will be of aid to the court during the trial. * * *" [Emphasis added]
>
> Solo's Trial Brief (Exh. "A", attached), at pages 1-2

Solo, therefore, was admittedly prepared in the Chicago case to present all the evidence it had in support of the identical factual allegations set forth in its Complaint before this Court. All such evidence was, in fact, presented to the Chicago Court and is being considered by that Court now. Fundamental principles of fairness and public policy, as well as the long-established legal authorities of both this Court and various other courts, simply foreclose the "second chance" that Solo now demands in its Complaint in this case.

III

FUNDAMENTAL PRINCIPLES OF PUBLIC POLICY REQUIRE DISMISSAL OF SOLO'S COMPLAINT

Time-honored principles of public policy absolutely forbid the kind of relitigation of identical factual allegations that Solo seeks in its Complaint in this case. As the Supreme Court observed in Heiser v. Woodruff (1946), 327 U.S. 726, 733, for example:

> "But we are aware of no principle of law or equity which sanctions the rejection by a federal court of the salutary principle of res judicata, which is founded upon the generally recognized public policy that there must be some end to litigation and that when one appears in court to present his case, is fully heard, and the contested issue is decided against him, he may not later renew the litigation in another court. [Citations omitted]."
> (Emphasis added)

Heiser v. Woodruff, 327 U.S at 733. Moreover, as courts have so often noted, it is to prevent repetitious suits, to prevent the needless multiplicity of litigation, to conserve judicial time and to promote finality in legal relationships that the judicially-created and policy-supported doctrine of res judicata was created. Angel v. Bullington (1947), 330 U.S. 183, 192; Commissioner v. Sunnen (1948), 333 U.S. 591, 597.

The parties to the Chicago case and this case are the same. The factual allegations relied upon by Solo to support its claims in both cases are identical. The issues raised by Solo in both cases

are identical, but for the slightly different labels that Solo attaches to these identical factual allegations. Indeed, it cannot even be disputed that Solo had every opportunity in the Chicago case to present the "so-called" different labels for its claims that are posed by its Complaint in this case.

While ITW does not ask this Court to dismiss Solo's Complaint at this time through direct application of the doctrine of res judicata, it does ask that this Court take note of the identical policy considerations which underlie that doctrine and have equal application here. In short, Solo's alleged claims for relief as set forth in its Complaint in this case should have been pled as compulsory counterclaims in the Chicago case. Solo's failure to do so in Chicago precludes relitigation before this Court.

IV

SOLO'S CLAIMS IN THIS CASE ARE COMPULSORY COUNTERCLAIMS THAT SHOULD HAVE BEEN PRESENTED IN THE CHICAGO CASE

Even if it can somehow be assumed that Solo has stated different claims for relief in its Complaint in this case (a proposition that ITW submits is untenable in light of the identical factual allegations contained in the two cases), such claims are compulsory counterclaims that should have been pled in the Chicago case. As noted above, Solo did plead affirmative defenses of patent misuse and a declaratory judgment counterclaim, seeking a declaration that ITW patents were invalid and not infringed, in the Chicago case. At a bare minimum, any antitrust or unfair competition claims that Solo allegedly had as a conse-

quence of ITW's procurement and enforcement of its patents should logically have been asserted in the Chicago case.

Under Rule 13(a), Federal Rules of Civil Procedure, the purported antitrust and unfair competition claims of Solo's Complaint were clearly the subject of a compulsory counterclaim in the Chicago case. 3 Moore's Federal Practice, §13.13 at pages 13-207 through 13-310; Wright and Miller, Federal Practice and Procedure, 21410 at pages 40-54.

In Wright and Miller, Federal Practice and Procedure, Section 1410 at page 42, for example, the factors considered in determining whether a counterclaim is permissive or compulsory are categorized as follows:

> "1) Are the issues of fact and law raised by the claim and counterclaim largely the same?
>
> 2) Would res judicata bar a subsequent suit on defendant's claim absent the compulsory counterclaim rule?
>
> 3) Will substantially the same evidence support or refute plaintiff's claim as well as defendant's counterclaim?
>
> 4) Is there any logical relation between the claim and the counterclaim?"
>
> Wright and Miller, Fed. Prac. & Proc., §1410.

Here the issues of fact and law raised by ITW's claim for patent infringement are largely the same as those raised by Solo's purported antitrust and unfair competition counterclaims. As noted above,

the doctrine of res judicata should bar any subsequent suit on Solo's alleged claims even absent the compulsory counterclaim rule. As admitted by Solo in its Trial Brief in the Chicago case (Exhibit "A", attached), the identical evidence used to support its misuse defenses in the Chicago case would be used to support its antitrust and unfair competition claims here. And, finally, there is not only a logical relationship between Solo's claims and the Chicago case, but indeed, they are directly connected as a consequence of the very defenses pled by Solo in the Chicago case.

Moreover, claims of the very type now asserted by Solo in this case have been consistently held to be compulsory counterclaims. As stated by Professor Moore (3 Moore's Federal Practive, pp. 13-303 through 13-306):

> "In general, however, the compulsory counterclaim rule has been given a liberal construction.
>
> "Examples will illustrate: . . . . in an action for patent or trademark infringement, a counterclaim for unfair competition arising out of the same transaction, or for treble damages and injuction because of violation of the Clayton Act in the ownership of the patent and its introduction to public use, must be pleaded . . . ." (Emphasis added)
>
> 3 Moore's Fed. Prac. at 13-303--13-306

Likewise, in Hancock Oil Co. v. Universal Oil Products Co. (9th Cir. 1940), 115 F.2d 45, 47, cert. denied, 314 U.S. 666 (1941), with respect to an antitrust counterclaim in the context of a patent infringement suit, the court stated:

"Since the counterclaim arises out of the 'transaction or occurrence that is the subject matter of the opposing party's claim', i.e., the ownership and introduction to the public of the plaintiff's patents, and since the counterclaim's allegations would warrant the relief against the plaintiff without the presence of the other parties to the conspiracy, the counterclaim is " 'compulsory' in character and 'shall' be stated in the answer or the right to recover thereon is lost." (Emphasis added)

Hancock Oil Co. v. Universal Oil Products Co., 115 F.2d at 47, cert. denied 314 U.S. 666

To the same effect, see Ronson Patents Corp. v. Sparklets Devices, Inc. (E.D.Mo. 1951), 102 F.Supp. 123; Libbey-Owens-Ford Glass Co. v. Sylvania Industrial Corp. (2d Cir. 1946), 154 F.2d 814.

Even Mercoid Corp. v. Mid-Continent Invest. Co. (1944), 320 U.S. 661, where in dicta the court referred to an antitrust counterclaim as being permissive, is wholly inapplicable to the circumstances of this case. In Mercoid, unlike this case, the party pleading the alleged antitrust claim was not a party to the earlier case, and thus, unlike Solo, could not possibly be barred by the doctrine of res judicata or in any sense be considered to have had the opportunity to plead any claims in the earlier proceeding. Moreover, Mercoid has been severely criticized, 6 Wright and Miller, Federal Practice and Procedure, §1412 at page 63, is referred to by Professor Moore as being "unfortunate," 3 Moore's Federal Practice at pages 13-306 to 13-307, and has even been totally disregarded by the Second Circuit; United States v. Eastport Steamship Corp. (2d Cir. 1958), 255 F.2d

795; Libbey-Owens-Ford Glass Co. v. Sylvania Industrial Corp., supra, at 819.

Thus, by every reasonable standard, and by the controlling Ninth Circuit authorities, the alleged claims set forth in Solo's Compalint are compulsory counterclaims that should have been pled in the Chicago case.

V

SOLO'S FAILURE TO PLEAD ITS COMPULSORY COUNTERCLAIMS REQUIRES DISMISSAL OF THIS ACTION

It is well settled that failure to plead a compulsory counterclaim is an absolute bar to raising the subject matter in a later action. Hancock Oil Co. v. Universal Oil Products Co., supra; Speed Products Co. v. Tinnerman Products, Inc. (2d Cir. 1955), 222 F.2d 61; Switzer Bros. v. Locklin (7th Cir. 1953), 207 F.2d 483, cert. denied, 347 U.S. 912 (1954); Esquire, Inc. v. Varga Enterprises Inc. (7th Cir. 1950), 185 F.2d 14.

Moreover, it is entirely appropriate for this Court to dismiss Solo's Complaint on the ground that Solo's alleged claims are compulsory counterclaims that should have been raised in the Chicago case. Solo has already had its opportunity to present its evidence in support of the identical factual allegations in the Chicago case, and thus, is absolutely barred from bringing this action here.

United States v. Eastport Steamship Corp., supra, is directly applicable to this case. In Eastport a counterclaim was dismissed before the conclusion of the previously filed action. As

the court stated:

> "The Government urges that the action of the District Court in dismissing its libel on this ground was premature. The Government maintains that a compulsory counterclaim not pleaded comes within the scope of the judgment in the action in which it should have been interposed and thus becomes res judicata. However, becuase the dismissal of its libel in the District Court was prior to the rendition of the second judgment in "the Court of Claims, the Government argues that the District Court acted too hastily in holding the Government's claim for charter hire barred by Rule 18(a). [The Court of Claims equivalent to Rule 13(a), F.R.C.P.] We are unpersuaded by this argument. * * * " (Emphasis added)
>
> United States v. Eastport Steamship Corp., 255 F. 2d 795, 802

The Court has explained the compulsory counterclaim rule as follows:

> "The compulsory counterclaim rule requires that once the action was commenced in the Court of Claims that court was the only proper forum for the adjudication of any claims by the Government arising out of the transaction or occurrence that was the subject matter of Eastport's petition. If the Government's claim for additional charter hire was a compulsory counterclaim in the Court of Claims, the dismissal of its libel by the District Court was proper even though no judgment had previously been

rendered by the Court of Claims. E. J. Korvette Co. v. Parker Pen Co., D.C.S.D.N.Y. 1955, 17 F.R.D. 267." (Emphasis added)
255 F.2d at 802

Since the counterclaim was held to be compulsory, the Eastport court upheld the dismissal of the counterclaim. New Britain Machine Co. v. Yeo (6th Cir. 1966), 358 F.2d 397, 410-411; Jepco Corp. v. Greene (S.D.N.Y. 1959), 171 F.Supp. 66; E. J. Korvette Co. v. Parker Pen Co. (S.D.N.Y. 1955), 17 F.R.D. 267.

Thus, dismissal is appropriate, and this Court is respectfully requested to dismiss Solo's Complaint with prejudice.

VI

IF NOT DISMISSED, THIS CASE SHOULD BE TRANSFERRED TO THE NORTHERN DISTRICT OF ILLINOIS

Section 1404(a) of the Judicial Code provides that:

"For the convenience of parties and witnesses, in the interest of justice, a district court may transfer any civil action to any other district or division where it might have been brought."

The inquiries pertinent to this Motion are (A) the "convenience of parties", (B) the "convenience of witnesses", and (C) the "interest of justice".

A. The Convenience of Parties

In determining convenience of the parties, the factors which are to be considered are (1) the

employees of the parties who will be called as witnesses; (2) the location of documents and exhibits which may be used at trial; (3) the expenses which will be incurred by the parties for maintaining witnesses; (4) the nature of the parties' contacts with the respective forums; and (5) plaintiff's choice of forum. Gulf Oil Corp. v. Gilber (1947), 330 U.S. 501; Pacific Car and Foundry Co. v. Pence (9th Cir. 1968), 403 F.2d 949; Chicago R. I. and P. R. Co. v. Igoe (7th Cir. 1955), 220 F.2d 299.

When these factors are considered in light of the facts in this case, it is overwhelming that Chicago, Illinois is the most convenience forum for the parties.

1. Employees and Patent Counsel as Witnesses: Defendant ITW presently contemplates calling three of its "key" employees in the trial of this case.[1] Each of these witnesses resides in the Chicago area, as might be expected since ITW is a Chicago-based company:

Name	Current Position	Residence
Silas S. Cathcart	Chairman of the Board of Directors and Chief Executive Officer of ITW	Lake Forest, Illinois
Robert W. Beart	Senior Vice-President, Patent and Legal Counsel	Park Ridge, Illinois
Bryant Edwards	Chief Product Development Engineer, Conex Division (Inventor of the '213 and '360 patents)	LaGrange, Illinois

1 Beart Affidavit, pars. 6 & 7

These witnesses are "key" employees of ITW. Their simultaneous or even successive absences from Chicago for the purpose of a prolonged trial in California would not only be expensive in terms of travel, per diem, lost time and otherwise, but would also be disruptive of the orderly adminstration of ITW's business. None of ITW's employees who are even remotely concerned with the subject matter of this suit are located anywhere near California [1]

It may be inappropriate to speculate as to Solo's proposed witnesses at trial of the present action, however, in the Chicago case, Solo called as its witnesses Messrs. Cathcart, Beart and Edwards. Messrs. Cathcart, Beart and Edwards were utilized by Solo in the Chicago case in an attempt to prove the very facts alleged in the California Complaint.

Solo did not call any of its employees in the Chicago case. However, more impratntly, there is no indication that there are any Solo witnesses in the California action that have any knowledge of the facts of this case.

2. Documents and Exhibits: In the preparation and trial of this case, ITW will have need of many hundreds of documents, including engineering reports, records relating to inventions, sales records, test data, and the like.[2] All of these documents are located in Chicago. (Moreover, many of these documents are being used in pre-trial discovery proceedings in ITW v. Foster Grant, which is another patent infringement case now pending in Chicago before Judge

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1 Beart Affidavit, par.6
2 Beart Affidavit, pars. 8-11

McGarr, and these documents cannot conveniently be removed uring the pendency of that action.)

In addition, over 400 physical exhibits and specimens relating to the two patents involved in the present action are presently in the custody of ITW's attorneys. Further, over 100 physical exhibits and specimens are also in the custody of Solo's Chicago counsel. Many of these in the custody of ITW's attorneys trace the development of the patents and are "one-of-a-kind" items. These unique exhibits cannot be duplicated, and many of them are fragile. The danger of the loss or destruction of such exhibits during a California litigation must be considered when determining the most convenient forum for this action. Moreover, these exhibits and specimens are also being used in the post-trial briefing activity in the ITW v. Solo case in Chicago, as well as in the pre-trial discovery proceedings in the ITW v. Foster Grant case in Chicago.

There is no question that moving hundreds of documents and exhibits to California for a protracted antitrust litigation would be an expensive, wasteful and disruptive matter for ITW and Solo. See Ackert v. Ausman (S.D.N.Y. 1961), 198 F.Supp 538, 541. mandamus denied, 299 F.2d 65 (2d Cir. 1962); Ruskay v. Reed (S.D.N.Y. 1963), 225 F.Supp. 581, 582-583; Stiffel Co. v. Sears, Roebuck & Co. (N.D.N.C. 1958), 162 F.Supp. 637, 641.

Like ITW, Solo is a Chicago-based company with its principal place of business in Chicago. The nature of Solo's California operations is not known precisely, but ITW has been led to believe that Solo's Santa Paula operation is a pilot plant,

and Solo's place of business in Los Angeles is merely a sales office. Consequently, it is believed that the documents and records of Solo which may be used as exhibits by Solo are located in the Chicago area.

3. Expenses: The counsel retained by ITW have their offices in Chicago, Illinois. By reason of their preparation of the prior cases involving the '213 and '360 patents, they are thoroughly familiar with all of the facts and issues of law raised by the Complaint here. Were this case to be tried in the Central District of California, it would be necessary for ITW to retain additional counsel in Los Angeles and to familiarize such additional counsel with the facts and issues involved here.[1] This could be done only at substantial additional expense and much duplication of time and effort on the part of personnel of ITW.[2] Moreover, Messrs. Olson and Bushnell, who prosecuted the '213 and '360 patents are located in Chicago.[3] In Polaroid Corp. v. Casselman (S.D.N.Y. 1962), 213 F.Supp. 379, 384, where defendant's Massachusetts counsel was already retained and familiar with the case, this court, transferring venue, recognized that "it would clearly work a hardship to compel him [defendant] to bear the additional expense of retaining New York counsel . . . ."

Solo's Chicago counsel have spent over three (3) years in preparing the Chicago case. The California case involves allegations based on the very same factual data developed during

1 Beart Affidavit, par.13
2 Beart Affidavit, par.13
3 Beart Affidavit, par.17

discovery in the Chicago case. In fact, according to Solo's local counsel in California, the Compalint in the present case was actually prepared by Solo's Chicago counsel, presumably becuase of the many allegations and contentions of Solo common to both the ITW v. Solo and Solo v. ITW actions. If Solo intends to utilize the expertise of its Chicago counsel, then it would be equally convenient for Solo to transfer the present case to Chicago.

While the convenience for counsel is not of prime importance, it is obvious that it is far more convenient for Chicago lawyers for both ITW and Solo (who already have detailed knowledge of the common facts) to conduct this trial in Chicago than in Los Angeles. It is equally apparent that both parties will incur significant additional expense if they must maintain their trial counsel in Los Angeles during trial.

4. Parties' Contact with California Forum: Both parties are Chicago companies. ITW has its main corporate offices and its corporate headquarters in Chicago, Illinois. ITW has its legal department, all of its divisional offices, and many of its major manufacturing facilities in the Chicago-land area. The division of ITW most closely associated with '213 and '360 patents is located in Des Plaines, Illinois, a suburb of Chicago. ITW does have a small plastic manufacturing plant in the Los Angeles area to serve the local market and small electronic facilities in Santa Fe Springs and La Jolla, but his activity is only nominal as compared to ITW's activities in the Chicago area, and is unconnected with this action.

The vast majority of the operative facts

alleged by Solo have taken place in the Chicago area.[1] None of the operative facts have occurred in California.[2] Indeed, the California forum has no particular interest in or relation to either the parties or the subject matter of this litigation.

Over the period in question, Solo has used facilities in Chicago and Highland Park (another suburb of Chicago) to develop and manufacture plastic cups. To the best of ITW's knowledge, Solo's main offices have also been located in the Chicago area over the period in question.

The Supreme Court has said that "There is a local interest in having localized controversies decided at home." Gulf Oil Corp. v. Gilbert, supra, at 509. This controversy between two Chicago corporations should be decided in Chicago.

5. Solo's Choice of Forum: Since the issues of the California case are going to be in a large measure decided in the Chicago action, Solo's choice of forum may be a Pyrrhic choice. Putting that consideration aside, however, Solo's choice of forum is entitled to minimal consideration.

As the Ninth Circuit Court of Appeals observed in Pacific Car, supra:

> "Plaintiff's choice of forum, then, is not the final word. In judging the weight to be given such a choice, as is

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1 Beart Affidavit par. 4
2 Beart Affidavit par. 4

> the case with other types of actions, consideration must be given to the extent both of the defendant's business contacts with the chosen forum and of the plaintiff's contacts, including those relating to "his cause of action. If the operative facts have not occurred within the forum of ori- original selection and that forum has no particular interest in the parties or the subject matter, the plaintiff's choice is entitled only to minimal consideration."
>
> Pacific Car and Foundry Co. v. Pence, 403 F.2d 949, 954

In Pacific Car, as here, there were no contacts with California of substance with respect to the action. Consequently, Solo's choice of forum "is supported only by the fact that it was chosen. Such a choice cannot prevail under Section 1404(a) against the showing here made by the petitioner." Pacific Car and Foundry v. Pence, supra, at 955.

B. The Convenience of Witnesses

The second criterion for a change of venue under Section 1404(a) is the convenience of witnesses. The factors which are to be considered are (1) the location of the witnesses, and (2) the relative loss of time. Gulf Oil Corp. v. Gilbert, supra; Pacific Car and Foundry Co. v. Pence, supra; Chicago R.I. & P.R. Co. v. Igoe, supra.

1. Location of Witnesses: As has been previously discussed, ITW intends to call three of its employees and all of them reside and

work in the Chicago area. ITW also intends to call the following five (5) witnesses who were employed by Dow Chemical Co. during the period in question: Grant Cheney, Wm. C. Goggin, N. Jerome Rudy, Calvin A. Campbell, and Mr. Faubian. All of these witnesses to ITW's present knowledge reside in the Midland, Michigan area.[1] It is readily apparent that it would be far more convenient for these witnesses to travel to Chicago than to Los Angeles.

The inconvenience of a trial in Los Angeles to ITW's three (3) Chicago and five (5) Midland witnesses is self-evident. They would have to travel extensively and would be forced to spend a considerable amount of time away from their offices and their homes.

Solo has not yet identified its potential witnesses. However, as was discussed previously, Messrs. Cathcart, Beart, and Edwards of ITW were all called by Solo at the trial of the ITW v. Solo case in Chicago. Messrs. Olson and Wolters have had their depositions taken in this case. It is reasonable to assume that all or substantially all of these witnesses will be called in the present case.

ITW does not know of any witnesses from the Los Angeles area that will be called to testify at trial by either party.[2]

2. Loss of Time: By transferring this case to Chicago, ITW's three Chicago and five Midland witnesses will not be forced to spend travel

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1 Beart Affidavit, par. 6

2 Beart Affidavit, par. 6

time and additional time at trial which would be necessary if trial were held in Los Angeles. They would not be forced to sidetrack their energies from their respective jobs and families for no good reason -- which would be the situation if trial were held in Los Angeles. This unnecessary imposition can be avoided by transferring this case to Chicago where it belongs.

C. The Interest of Justice

The "interest of justice" is served by transferring this case to Chicago. The Supreme Court has recently observed in ints decision in Continental Grain Co. v. Barge FBL-585 (1960), 364 U.S. 19:

> "To permit a situation in which two cases involving precisely the same issues are simultaneously pending in different District Courts leads to the wastefulness of time, energy and money that §1404(a) was designed to prevent. * * *"
>
> Continental Grain Co. v. Barge FBL-585, 364 U.S. 19, 26

If the present action is transferred to the Northern District of Illinois, it would be considered, under the rules of that Court, as a case "related" to the ITW v. Solo case. The present case would be assigned for all purposes to Judge Austin, who is already familiar with the thin-wall thermoplastic container filed, the identical subject matter of the present action. Indeed, Judge Austin has recently presided at the trial fo the ITW v. Solo case and, in considering the post-trial briefs, will be considering essentially the same issues as are raised in the

paragraph 18, but after a relatively short period again withdrew from the plastic drinking cup market and attempted instead to supply thin-wall plastic containers in the food packaging field specifically for the packaging of cottage cheese and like dairy products.

In the meanwhile on May 28, 1963 and June 30, 1964, ITW obtained from the United States Patent Office the issuance of two United States patents Nos. 3,091,360 and 3,139,213 resulted from the aforementioned first and second applications filed in 1957 and '58 on behalf of the said Edwards. On December 22, 1965 it brought an action against Continental Can Company for infringement of the '213 patent on account of Continental Can Company's manufacture and sale of cottage cheese containers. The action, 65 C-2179 in the Northern District of Illinois, Eastern Division, was tried on a bench trial to the Hon. Bernard M. Decker who found the '213 patent valid and infringed, enjoined the further manufacture by Continental Can Company, except as it might be licensed by ITW, and held Continental Can Company to respond in damages for patent infringement. In that case, Continental Can Company pleaded its prior development of the cups from which the Edwards' cups were styled, but the Court discounted the Continental Can Company's developments as prior art because of their asserted failure to penetrate the market. Adequate evidence was apparently not offered by Continental Can Company to demonstrate the fact that its cups in question did in fact become commercial or public, nor was the Court informed, nor is it apparent that Continental Can Company knew, that ITW and its engineer Edwards had samples of the Continental Can Company cups in hand when Edwards made his alleged inventions now memoralized in the said

'360 and '213 patents. The said judgment in ITW's case against Continental Can Company was affirmed by the Court of Appeals for the Seventh Circuit, 397 F. 2d 517 (1968).

23. As a result of the foregoing legal proceedings, ITW and Continental Can Company entered into a license agreement under which Continental Can Company pays continuing royalties to ITW under the '213 patent.

24. In 1967 ITW brought a further suit against Sweetheart Plastics, Inc., a Maryland Cup Corporation, again in the Northern District of Illinois, and obtained the assignment of the case for bench trial to the same judge, Hon. Bernard M. Decker. The suit charged infringement of the '213 and '360 patents. In the course of the suit, the defendants tried, by instituting separate declaratory judgment action in the Southern District of New York and later also in the District of Massachusetts, and by motion in the Northern District of Illinois for transfer to Massachusetts, to escape adjudication by the suit in the Northern District of Illinois. In all such instances, on the asserted grounds of the "acquired expertise" of the same Northern Illinois District Court judge (Hon. Bernard M. Decker), for considerations of judicial expediency and administration cited by the United States District Courts in New York, in Illinois, and by United States Court of Appeals for the First Circuit, the Sweetheart defendants were forced and bound, notwithstanding their justified and vigorous efforts resisting, to try their case before Judge Decker, Hon. Judge Decker, upon the representations of ITW that both patents were for the "same inventive concept," once again adjudicated the '213 patent valid, held the '360 patent valid as well, and held both patents

infringed by the Sweetheart defendants. The Court of Appeals for the Seventh Circuit, not surprisingly, again affirmed, and, in fact, again affirmed the application of the "law of the circuit" doctrine which is employed in the Seventh Circuit to collaterally estop a new defendant, even absent privity, to invalidate a patent once held valid unless he do so with "persuasive new evidence." Again in the Sweetheart case, the record is barren of any notification by ITW to the Court that it had the Continental Can Company cups in hand at the time its engineer Edwards made his alleged inventions.

24. During the pendency of the action against the Sweetheart defendants on March 6, 1969 just before the commencement of the trial of the Sweetheart case, ITW brought in the Northern District of Illinois Six (6) separate actions for infringement of one or the other of the sake two Edwards' patents '360 and '213, including an action No. 69 C 480 in that Court against the plaintiff herein, Solo Cup Company, in which it charged this plaintiff with infringement of both of said patents by reason of the manufacture and sale of thin-wall disposable plastic drinking cups. The other defendants represent substantially the balance of the thin-wall disposable drinking cup industry and include the following:

Foster Grant Co., Scott Paper Co. Inc., American Can Co., Phillips Petroleum Co., and Owens-Illinois, Inc. Again ITW obtained the assignment of every one of these six (6) cases to the same District Judge who tried the Continental Can Company and Sweetheart cases, viz., Hon. Bernard M. Decker. Within a relatively short time, American Can Company

(Dixie Cup) settled by taking a license. So also did Owens-Illinois (Lilly Tulip Cup) Phillips Petroleum Co., and Scott Paper Co., Inc. Only the plaintiff here, Solo Cup Company, and Foster Grant Co., continue to resist the imposition of what the plaintiff here alleges are patents improperly obtained by ITW's deception of the Patent Office and its wilful withholding from the Patent Examiner of the relevant information of its prior knowledge of the earlier-developed Continental Can Company cups, and its enforcement of the said patents by the withholding of the same information from the Courts. The Sweetheart defendants also became licensed after their unsuccessful appeal to the Court of Appeals for the Seventh Circuit, in order to avoid the crippling effect of the injunction granted by Judge Decker. With the Sweetheart defendants added to the list of those licensed, ITW, through its own efforts and those of its willing and reluctant licensees, now controls ninety (90%) per cent of the market in thin-wall disposable plastic drinking cups, upon information and belief.

25. In November, 1969, when said Civil Action 69 C 480 by ITW against this plaintiff was some seven (7) months old, Judge Decker entered an order precluding the plaintiff here (the Defendant there) from discovering from the plaintiff on the affirmative defenses of patent invalidity and misuse, presumably because of the prior adjudication by the Court of Appeals for the Seventh Circuit of the validity of the '213 patent and pending decision by that Court of Appeals on the validity of the '360 patent. The plaintiff here, (Defendant in the Illinois action) thereupon moved the trial judge to recuse, charging that he could not give this plaintiff (Defendant in Illinois) a fair trial. The said judge, Hon. Bernard M. Decker,

declined to decide the recusal motion, referred it to the Executive Committee of the Court, which denied the recusal motion. The defendant (Plaintiff here) thereupon demanded trial by jury to escape adjudication by Judge Decker.

26. Some fourteen (14) months later, on or about January, 1971, Judge Decker was persuaded by the ITW to strike the defendant's jury demand. At the same time, however, the said judge lifted partially the restriction upon the defendant there (Plaintiff here), permitting it to discover from ITW on Solo's affirmative defenses of patent invalidity, unclean hands, etc., by permitting such discovery to be taken only if first submitted for ITW's objection and for the Court's approval. A proposed schedule of discovery previously submitted by Solo was approved by the Court over ITW's objection simultaneously with the striking of Solo's jury demand.

27. In the interim and on or about June 24, 1970 Judge Decker, on a denial of Solo's motion for summary judgment of invalidity of the '360 patent on the ground of obviousness over ITW's previous commercialization of the thin-wall plastic cup of the '213 patent, denied Solo's motion for judgment but ruled that ITW's commercialization of the cup shown in the '213 patent prior to Edwards' conception of the alleged improvement represented by the '360 patent made the former prior art to the latter under 35 U.S.C. 102(a). Although denying the defendant's motion for summary judgment, the said judge certified his ruling of law for appeal by the plaintiff. The Seventh Circuit Court of Appeals granted leave to appeal, and reversed and remanded. The Supreme Court declined to entertain a petition for certiorari by Solo of the interlocutory reversal, and, upon ITW's motion

in February 1972, Judge Decker scheduled a termination of discovery on June 9, and set the case for trial on July 5, 1972.

28. In or about the early part in the month of May 1972, Solo, the plaintiff here (Defendant in Illinois), discovered that there had been a prior connection between Judge Decker and the principal owners ITW, the Smith family of renown in Illinois and controlling owners of the Northern Trust Company, the City's third largest banking institution, in that Judge Decker before his appointment to the federal bench and prior to his election to the state bench had represented the estate of a prominent member of the Smith family, a stockholder and director of ITW, in probate and in chancery proceedings in connection with the probate of the said decedent Smith's estate then pending before Martin C. Decker, Probate Judge of Lake County, Illinois, and father of Bernard M. Decker, to whom the aforementioned patent infringement actions had been assigned by ITW.

29. On the presentation to Judge Bernard M. Decker of evidence of his connection with the principal owners of ITW, he recused; when Solo, the plaintiff here (Defendant in Illinois) indicated to his successor judge, Hon. William J. Lynch, that it would for the same reasons it objected to Judge Decker's deciding the Solo case also resist the application to Solo of his prior decisions under the Seventh Circuit's "law of the circuit" doctrine, and also pointed out to Judge Lynch, by way of notice to the Court and to ITW, a remote connection between Judge Lynch and the principal owners of Solo, Judge Lynch also recused.

30. On August 11, 1972, Solo, the plaintiff here (Defendant in Illinois) sought transfer of the cause from Chicago to Kansas City, i.e., out of the Seventh Circuit and away of its "persuasive new evidence rule," contending in its motion for transfer that because of Solo's resistance to Judge Decker's prior decisions based upon his connection with the owners of ITW, the present trial judge in sitting on the case to pass upon the judicial propriety of the acts of his colleaque, Judge Decker, and contending that neither justice nor the appearance of justice could be served by such exercise. Transfer has been denied. Mandamus for transfer and for trial by jury have been denied by the Court of Appeals for the Seventh Circuit, and the matter now rests in the Supreme Court of the United States on the petitioner's motion there for leave to petition for transfer of the patent infringement action out of the Seventh Circuit, and for the trial by jury demanded by Solo. Stay for trial in the District Court in Illinois has been refused, notwithstanding the pendency of Solo's application to the Supreme Court. Such trial is ordered to commence on February 5, 1973 before the Hon. Richard B. Austin, District Judge, without a jury.

DAMAGES

31. By reason of the foregoing facts, commencing with

(a) the conscious withholding from, and the failure to disclose to, the United States Patent Office the facts of ITW's and Edwards' foreknowledge of the Continental Can Company thin-wall plastic cups;

(b) the conscious withholding from, and the failure to disclose to, the United States District Court for the Northern District of Illinois and the United States Court of Appeals for the Seventh Circuit the fact of that same foreknowledge;

(c) the relevance of that information to the patentability and enforceability of patents '360 and '213 enforced by one or more of said Courts in the two successfully - tried prosecutions which promoted the acquiescence of a large portion of the industry in the validity and enforceability of said '213 and '360 patents, as well as other ITW patents whose validity has never been challenged or adjudicated;

(d) the conscious and persistent efforts of ITW to corral all of said patent infringement litigation not only into a single judicial district, but into the courtroom of that single judge;

(e) its considerable efforts in New York and Massachusetts to prevent adjudication of the validity enforceability and infringement of said patents in any courtroom other than that of Judge Decker in the Northern District of Illinois, Seventh Circuit;

(f) its failure to make known its connection with the said trial judge while presenting case after case on the same patents against different defendants in his courtroom;

(g) its efforts thereby to foreclose Solo, plaintiff here (Defendant in Illinois), from receiving a fair trial free from the bias and pre-judgment of said district judge; ITW has employed said patents '360 and '213 in an

attempt to achieve, and it has achieved and seeks to enforce and to maintain, an illegal monopoly in the manufacture and sale of disposable thin-wall plastic drinking cups in contravention of the Patent Laws and of the Anti-Trust Laws of the United States by asserting said patents by action for patent infringement against Solo in the Northern District of Illinois, Eastern Division, as aforesaid.

32. Plaintiff, Solo, alleges that the aforesaid suit by ITW against Solo, in Illinois was brought in furtherance of its attempt to monopolize interstate commerce and as an exercise of its already-acquired monopoly power, and that said attempt and exercise have been continuous since March, 1969, the date of filing of said patent infringement action in Illinois.

33. By reasons of the acts of ITW aforesaid, performed in furtherance of its violations of Sections 1 and 2 of the Sherman Act during the four years next preceding the filing of this Complaint, the plaintiff, Solo, has been damaged to date in the amount of approximately Three Hundred Thousand Dollars ($300,000.00). Moreover, the plaintiff Solo believes that it will be irreparably damaged if the defendant, ITW, is permitted to continue its attempt to monopolize and to exercise its monopoly power, by the further prosecution of said patent infringement action in Illinois. Further, plaintiff Solo's legal remedies are inadequate since the application of the "law of the circuit doctrine" in the pending action in Illinois would work a manifest injustice because of the acts and omissions of ITW in failing to reveal or disclose the connection between Judge Decker and principals of ITW. Similarly, any effort to apply the "laws of the circuit" doctrine in Illinois, is tainted by

ITW's failure to disclose prior art to the Patent Office and to Courts, as alleged above.

Additionally, aggravated by the elements and circumstances stated in the preceding two sentences, there is also serious inadequacy of legal remedy, as well as potentially irreparable harm inherent in improper denial by Hon. Judge Decker, of plaintiff's right to a trial by jury.

If, without the intervention of this Court, ITW (whose hands are manifestly unclean, as alleged above) is permitted to prosecute its pending validity and infringement action against Solo before a forum (District Court, Illinois) certain to apply unfavorable (to Solo) precedent decisions made suspect, if not tainted, by ITW's acts or material omissions, any determination by such forum adverse to Solo, would result in irreparable injury.

PRAYER FOR RELIEF

WHEREFORE, the plaintiff, Solo, respectfully prays:

a) that an injunction be granted enjoining defendant from continuing to violate, or again violating Sections 1 and 2 of the Sherman Act;

b) that patents Nos. '213 and '360, which are the subject of the aforesaid suit in Illinois and which were obtained illegally as aforesaid, be declared invalid and void and unenforceable;

c) that a temporary restraining order, and injunctions, temporary and

perpetual, be ordered to restrain the defendant, ITW, from further prosecution of the action in the Northern District of Illinois until the matters raised by this Complaint have been adjudicated;

d) that the plaintiff be awarded Three Hundred Thousand Dollars ($300,000) as damages and that said sum be trebled as required by the Clayton Act, to Nine Hundred Thousand Dollars ($900,000.00)

e) that the plaintiff be awarded its litigation costs, including reasonable attorneys' fees as required by the Clayton Act;

f) that the Court grant plaintiff such other and further relief as the ends of justice require.

COUNT II

34. For its second cause of action against the defendant, ITW, the plaintiff, Solo, realleges the allegations of paragraphs 2 to 33 inclusive hereof, and alleges that the assertion of said patents '213 and '360 against this plaintiff in said patent infringement action in the Northern District of Illinois, Eastern Division, on account of the manufacture and sale of thin-wall disposable plastic cups, which has occurred in part in the State of California, and within this judicial district and division, is unfair competition.

35. Jurisdiction of the subject matter of this count of the Complaint is predicated upon

Title 28 U. S. C. §1338(b), and upon Public Law 489, 79th Congress, Chapter 540, approved July 5, 1946, 60 Stat. 427, Sections 44(h) and 44(i) [15 U. S. C., §§1126(h) and 1126 (i)], as interpreted by the United States Court of Appeals for the Ninth Circuit in Stauffer v. Exley, 184 F. 2d 962 (o Cir., 1950)

PRAYER FOR RELIEF

WHEREFORE, separately with respect to Count II of its complaint, the plaintiff Solo respectfully repeats the prayers for relief, Paragraphs (b) to (d) inclusive, of Count I.

* * * * *

Plaintiff demands trial by jury.

Respectfully submitted,

SOLO CUP COMPANY

By /s/ Jerome B. Rosenthal
Jerome B. Rosenthal

See Verification - - - - Next Page

VERIFICATION

STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

LEO J. HULSEMAN, being duly sworn, deposes and says:

That he is the President of the Plaintiff, Solo Cup Company; and that he has read the foregoing Complaint and knows the contents thereof and that the same are true either of his own knowledge or upon information supplied to him by Plaintiff's attorneys upon their investigation, and as to such information, in the contents of the Complaint based thereon, he believes them to be true.

/s/ Leo J. Hulseman
LEO J. HULSEMAN

Subscribed and sworn to before me on January 3, 1973.

/s/ Lorraine M. Goethals
NOTARY PUBLIC
In and for said County and State

Presented by:

/s/ Jerome B. Rosenthal
JEROME B. ROSENTHAL
Counsel for Plaintiff

APPENDIX "C"

Title 15 U. S. C. §1:

§1. Trusts, etc., in restraint of trade illegal; exception of resale price agreemtns; penalty

Every contract, combination in the form of trust or otherwise, or conspiracy, in restraint of trade or commerce among the several States, or with foreign nations, is declared to be illegal: Provided, That nothing contained in sections 1 to 7 of this title shall render illegal, contracts or agreements prescriving minimum prices for the resale of a commodity which bears, or the label or container of which bears, the trademark, brand, or name of the producer or distributor of such commodity and which is in free and open competition with commodities of the same general class produced or distributed by others, when contracts or agreements of that description are lawful as applied to intrastate transactions, under any statute, law, or public policy now or hereafter in effect in any State, Territory, or the District of Columbia in which such resale is to be made, or to which the commodity is to be transported for such resale, and the making of such contracts or agreements shall not be an unfair method of competition under section 45 of this title: Provided further, That the preceding proviso shall not make lawful any contract or agreement, providing for the establishment or maintenance of minimum resale prices on any commodity herein involved, between manufacturers, or between producers, or between wholesalers, or between brokers, or between factors, or between retailers, or between persons, firms, or corporations in competition with each other. Every person

who shall make any contract or engage in any combination or conspiracy declared by sections 1 to 7 of this title to be illegal shall be deemed guilty of a misdemeanor, and, on conviction thereof, shall be punished by fine not exceeding fifty thousand dollars, or by imprisonment not exceeding one year, or by both said punishments, in the discretion of the court.

15 U. S. C. §2:

§2. Monopolizing trade a misdemeanor; penalty

Every person who shall monopolize, or attempt to monopolize, or combine or conspire with any other person or persons, to monopolize any part of the trade or commerce among the several States, or with foreign nations, shall be deemed guilty of a misdemeanor, and, on conviction thereof, shall be punished by fine not exceeding fifty thousand dollars, or by imprisonment not exceeding one year, or by both said punishments, in the discretion of the court.

Title 15 U. S. C. §15.

§15. Suits by persons injured; amount of recovery

Any person who shall be injured in his business or property by reason of anything forbidden in the antitrust laws may sue therefor in any district court of the United States in the district in which the defendant resides or is found or has an agent, without respect to the amount in controversy, and shall recover threefold the damages by him sustained, and the cost

of suit, including a reasonably attorney's fee.

Title 15 U. S. C. §22.

§22. District in which to sue corporation

Any suit, action, or proceeding under the antitrust laws against a corporation may be brought not only in the judicial district whereof it is an inhabitant, but also in any district wherein it may be found or transacts business; and all process in such cases may be served in the district of which it is an inhabitant, or wherever it may be found.

Title 15 U. S. C. §26.

§26. Injunctive relief for private parties; exception

Any person, firm, corporation, or association shall be entitled to sue for and have injunctive relief, in any court of the United States having jurisdiction over the parties, against threatened loss or damage by a violation of the antitrust laws, including sections 13, 14, 18 and 19 of this title, when and under the same conditions and principles as injunctive relief against threatened conduct that will cause loss or damage is granted by courts of equity, under the rules governing such proceedings, and upon the execution of proper bond against damages for an injunction improvidently granted and a showing that the danger of irreparable loss or damage is immediate, a preliminary injunction may issue: Provided, That nothing herein contained shall be contrued to entitle any person, firm, corporation, or association, except the

United States, to bring suit in equity for injunctive relief against any common carrier subject to the provisions of the Act to regulate commerce, approved February fourth, eighteen hundred and eighty-seven, in respect of any matter subject to the regulation, supervision, or other jurisdiction of the Interstate Commerce Commission.

Title 28 U. S. C. §1391(c).

§1391. Venue generally

(c) A corporation may be sued in any judicial district in which it is incorporated or licensed to do business or is doing business, and such judicial district shall be regarded as the residence of such corporation for venue purposes.

Title 28 U. S. C. §1404(a)

§1404. Change of venue

(a) For the convenience of parties and witnesses, in the interest of justice, a district court may transfer any civil action to any other district or division where it might have been brought.